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The Payment of Wages Bill.

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'The Payment of Wages Bill' which was placed before the Indian Legislative Assembly by the Hon'ble Sir Frank Noyce, Member for Industries and Labour, is the outcome of the recommendations of the Royal Commission on Labour. The Government have invited opinion on it to amend it in a suitable manner so that it may suit both labour and employers. It has a long history behind it and the attention of the Government of India was first drawn in 1925 to the question of regulating the practice of imposing fines on workmen. Local Governments were consulted and a lot of statistical material was collected. At about the same period a private Bill was brought before the Assembly in connection with payment of wages and its object was to enforce a system of weekly payments in industry. Its sponsor withdrew the motion on the understanding that Government would investigate into the matter. The Labour Commission was appointed in course of time and made certain recommendations in this respect on the strength of which the present Bill is framed by the Government.

The Whitley Commission contemplated legislation in connection with wage payment in three directions, namely, to regulate deduction from wages, to secure the prompt payment of wages and to reduce in industries the periods by which the wages are paid. This Bill deals only with the first two of the conditions and excludes the third. The Government have framed another Bill on which also opinions have been invited and that Bill deals with the third purpose, namely, it provides for weekly payments in certain industries. Thus these two Bills put together cover all the three recommendations of the Royal Commission on Labour in respect of the payment of wages.

The main object of the 'Payment of Wages Bill' is to secure the worker against unfair deductions of the wages paid to him, and to secure that those wages will be paid as soon as reasonably possible, after they have been earned. The idea underlying the 'Weekly Payment of Wages Bill' is that the period of payment of wages should be reduced to seven days.

The Hon'ble Member for Industries and Labour had touched the point of weekly payments of wages, while he was moving the Payment of Wages Bill in the Assembly on the 14th February, 1933. He had remarked, "For, while I hope that it is generally agreed that a worker's wages should be paid with reasonable promptitude and without unreasonable deductions, the fact that wages are in many cases paid at intervals of as long as a month apart is not, I think, usually regarded as an injustice. If it is to the disadvantage of workmen, they have not generally voiced it as a grievance." It may be said that the workers in India are not fairly well organized so as to be able to ventilate their feelings publicly and most of them do not really understand what their best interests require. The opinion of the Labour Commission in this respect is worth noting. They write, "Finally in a number of cases, the opposition of the jobbers to a change is influential." (Page 239 of the Report.) What they mean is that the jobbers do not like the weekly payment system because in some cases as money-lenders they themselves are adversely affected by the change. The Commission express their own opinion as follows on the point, "Our conclusion then is that the prevalence of a monthly period of payment is not in the best interests of the employees. We recommend the general adoption of a system of weekly payments in the belief that it will have important effects on both welfare and

efficiency. The advantages to be gained are in our view so obvious and definite that the state would be justified in intervening to enforce the general adoption of weekly payments if this could be secured without an unreasonable amount of dislocation to industry." (Page 240 of the Report.)

It is needless to say that weekly payment will be in the best interests of the workers. If they are paid monthly or fortnightly, they feel a great difficulty in meeting their current expenses as they have no savings on which to draw. The result is that they purchase provisions and articles of necessity on credit and they are charged high prices and have no choice to purchase articles from any shop. This can be done if they are ready to make payments in cash immediately. These defects can be obviated in case of weekly payment of wages. The employers will no doubt be put to a certain amount of additional inconvenience and expense if weekly payment system were to be introduced. They will have to clear the accounts weekly and lose interest because they will have to withdraw money from banks every week. But the sacrifice made by them will be compensated by the convenience to the workers. Monthly or fortnightly payments are disadvantageous to workmen from another point of view also. If there is a strike, employers in some cases forfeit the wages earned by workers in the period preceding the strike. This does not imply that strikes should be promoted, but this point has been mentioned to emphasize the necessity of weekly payments.

The Bill is intended to be applied to factories only. The Labour Commission recommended the application of such a measure to factories, mines, railways and plantations and they further laid down that 'it should provide for possible extension to other branches of industry'. Mr. Joshi endorsed the view of the Commission in his speech in the Assembly on the proposed Bill. There does not seem to be any adequate reason for a departure from the recommendation of the Commission of experts on the point.

Section 3 of the Bill provides that payment of wages should be made before the expiry of the seventh day from the last day of the wage period in which wages have been earned and if the seventh day is a non-working day the wages are to be paid on the next succeeding working day. This period should be reduced to three days as there does not seem to be justification for an interval of seven or more days.

Section 4 provides deductions which can be made from the wages earned by workmen. These deductions are to be by way of fines, for damage or loss attributable to the neglect or default of the worker, for housing accommodation, tools and raw materials supplied by the employer and for certain other items. Regarding deductions for loss due to workers' default it may be said that it is very difficult to lay down whether the damage is due to defective machinery or wilful negligence of the worker. Therefore, some sort of arrangements should be made to ascertain whether the loss is caused by the wilful negligence of the worker or to defective machinery, otherwise workmen may continue to be penalized. In some cases the value of damaged cloth charged to the account of the worker exceeds the total wages earned by him in a certain period and he has thus to pay from his own pocket. Such cases should not be allowed to continue.

It is not clear what the significance of deductions by way of the supply of raw materials and tools by employers to employees really is. In fact, under the modern system of factory production tools and raw materials ought to be supplied to workmen in the usual course of things. What for are these deductions then to be made? There does not seem to be any necessity for deductions on this account.

The Labour Commission recommended that recruiting advances should not be recovered from workmen (*Labour Commission Report*, p. 236); but the Bill does neither prohibit nor specifically provide for their recovery. A provision should be inserted prohibiting their recovery as recommended by the Royal Commission on Labour. There seems to be an evil practice in some mills to forfeit the wages of workmen in case of absence for three or more days from work, for the period immediately preceding the period of absence. This practice should, if necessary, be stopped by legislation after proper enquiry. Sometimes wages are paid on a holiday to prevent stoppage of work for some time on working days. This means a wastage of the holiday from the workers' point of view. A provision should be inserted in the Bill to prevent this practice if after an enquiry this practice is found to be established. In the end, it should be emphasized that from the workers' point of view the question of minimum wages is of great importance. The Royal Commission on Labour had recommended an investigation into the conditions of industries which require the establishment of minimum wages. This matter deserves early attention.

Mysore and the White Paper.

By Amin-ul-Mulk Sir Mirza M. Ismail, Kt., C.I.E., O.B.E.,

Dewan of Mysore.

I should like to say a few words to you on the subject of the White Paper, which is the main topic of discussion at present in India.

In considering it, it is well to remember that we are living in a period of change that has no precedent, when all the old standards are being thrown down and we have not yet found the new ones that will some day take their place. This is specially so in the matter of political institutions. The slogan "The voice of the people is the voice of God" has given way to Chancellor Hitler's echo of Plato's theory of old, "The nation's will," as he puts it, "will best be declared through its best brains." The British Parliament seem as usual to be "muddling through" by virtue of the marvellous faculty of that people for compromise, by which the most radical changes take the form of conservative adaptations of old systems. The British Colonies, who have adopted and extended the British institutions, seem also to be winning through.

On the other hand, several European nations who have tried and failed to adapt British institutions to their own conditions have declared democracy itself to be a failure, and have arrived by extraordinary processes at an apparent conjunction of incompatibles in a despotism which enjoys the support of the people. The only conclusion we can draw so far from all these developments is that, while the old idea that democracy as the one ideal form of government is dead or dying, there is no new ideal yet to put in its place, and each nation is working out its salvation for itself.

Meanwhile, the League of Nations has been responsible for another new development, and we have seen how, where no political or economic expedient can suffice, the mere fact of open discussion and mutual understanding does much to dissipate hostility. Acts that before 1914 would have led to war are now dealt with, partly at least, by tribunals; and the great International Conference, if it failed in arriving at definite conclusions, succeeded in so far as it brought the nations to an understanding of each other's point of view.

Human Nature in Politics.

This influence of what may be described as the element of human nature in politics has been wonderfully exemplified in the case of the White Paper. A great Secretary of State, disregarding all precedent, put himself in the witness box, and, by his ready, able and friendly replies to cross-examination from a host of counsel for different interests, showed that however much or little he might be able to accept our point of view, he had studied it thoroughly, was prepared to make every allowance he could for it, and had no object before his eyes but to give India the best constitution that could be devised. I would couple with his name that of a great Viceroy who, in a recent courageous statement, has declared himself undismayed by any fear of the consequence to which a phrase may commit him and is obviously actuated by the same deep knowledge and the same high motive as Sir Samuel Hoare.

It is no use minimising the fact, that there are opponents of their policy, but in dealing with this question of opposition, I would again ask you to remember the element of human nature in politics. Try to put yourselves in the place of the thinking people of England. The older generation has been bred and nurtured in the belief that democracy is the greatest system in the world. They have promised it to India as the world's greatest boon. And now that the time comes for them to redeem their promise, they are faced with the fact that everywhere parliamentary democracy is decaying, so much so that the opinion is held in some quarters that in the widespread realization of this fact lies the chief hope for the future. However admirable and inspiring the democratic system may be in theory, and even in its application under special conditions, it has been proved unsuited to the conditions of modern nations, who are now seeking to move beyond it.

What is to be the way of deliverance from this conflict of principles? I put it to you that the only way is that indicated in the words of Woodrow Wilson, written by him as a student of politics and long before he became a politician himself: "The method of political development is conservative adaptation, shaping old habits into new ones, modifying old means to accomplish new ends." Don't let us take some fair-seeming scheme that looks wonderful on paper and adopt it when we have no real need of it. Let us rather first get all we can out of our existing constitution, and when we have definitely

located a defect which we cannot cure by other means, shape that old habit into new one, modify that old means to accomplish a new end.

PROPOSED CONSTITUTION.

In this connection I should like to remind you that any constitution that may be devised for India at the present stage must necessarily be in the nature of a compromise if it is to satisfy important sections of British as well as Indian opinion, to provide guarantees for peace and order while affording scope for progress, to accommodate within its structure the two types of polity represented by the Provinces and the States, and to safeguard the interests of minorities without detriment to the growth of a common national life. If we bear these varied and conflicting factors in mind, and do not allow ourselves to be unduly influenced by mere theoretical or sentimental considerations, we must admit that the proposals made by the British Government in the White Paper are an honest and practical attempt to deal with one of the most complicated questions that statesmen have ever been called upon to solve. They provide as favourable a setting as the realities of the situation permit for India's development as a self-governing unit of the Empire. Whatever complications the future may hold--and this is an aspect which cannot be altogether dismissed from our thoughts—India can give herself the solid assurance that a new and a great step forward will be taken.

SPECIAL DIFFICULTIES OF INDIA.

There is another plain fact which we must frankly recognize. In this land of ours, with its warring creeds and communities and conflicting sectional interests, it seems well-nigh impossible for the plant of a true democratic government to grow, even if, after studying the experiences of other countries, we should find it desirable to adopt it. Let us therefore not blame others when the blame is so much our own. Let us remember that self-government is a matter of character. Let us set about improving ourselves to display a greater unity of purpose. The rest will follow as the day follows the night. I am confident that the solution of the more serious of our political and economic problems is only a question of time and adaptation of our systems to our circumstances. Meanwhile, it is undesirable that our temporary difficulties should be unduly magnified and the many gratifying signs of progress overlooked.

MAHATMA GANDHI.

And here I am tempted to say that there is one man above all others who can help us towards a reconciliation of our difficulties, and towards that new phase of character that is the ground-work of self-government. I am not one of those who wish Mahatma Gandhi to retire from politics. There never was a time when India so badly needed the guidance of a genuine leader, and in him we have one who holds a unique position in the country and is not only a convinced lover of peace and an ardent patriot, but also a far-seeing, sagacious statesman. I feel that he is qualified far better than any one else to reconcile the conflicting elements in the country and to induce them all to march together a further stage along the road that leads to self-government. He also has it in his power, as no one else has to establish the happiest relations between India and Great Britain. I feel sure that the Government have in him a powerful ally and Great Britain a true friend. If he should retire from politics at this juncture there are indications that the arena would, in all probability, be occupied by demagogues and vain visionaries out to mislead themselves and the country by meaningless shibboleths.

THE SENATE.

I might add that I personally found in the Mahatma a powerful ally at the Second Round Table Conference when voicing my criticisms of the feature of the White Paper Constitution which seems to me to be most open to criticism, that is, the composition of the Upper Chamber. This is a chamber constituted for the British Provinces on an electoral basis, though that basis is somewhat narrower than in the case of the Lower Chamber. The principles on which the States are to be represented on it have yet to be determined. My feeling about it is that it should be of quite a different character to the Lower Chamber, which depends on a popular vote. The interests which to my mind it should represent are those of the Governments of the Provinces and the States. I should like to see a very much smaller House than that which is contemplated and I should like to see the Provincial and State Governments have their representatives at the Headquarters who could make known their feelings in relation to the large matters of policy that come before the Federal Government. This to my mind would add an element of stability to the constitution which is wanting in it at present, while the large body contemplated by the White Paper would be a cause of considerable and

unnecessary expense and would be to a great extent a fifth wheel to the coach.

THE WORDS "TOO LATE".

Let me metion here another piece of human nature in politics which was much in evidence in our recent discussions. Long experience has taught us that it is not enough to do the right thing, but that you must also do it at the right time, and it has been said many times, in connection with the efforts of the British Government to deal with the Indian problem, that the words "Too Late" are written at the head of every chapter.

I sincerely hope that this time there will be no room for this reproach. If we may take as an example of the new spirit that is animating those responsible for the White Paper the promptitude with which they are devising new means to accomplish old ends in the case of the Reserve Bank and the new Railway authority, the auguries for the future are of the happiest. The important thing now remaining is to ensure that the new constitution itself is set up as early as possible. Let us hope also that it will secure, to quote Woodrow Wilson again, that "consent of a thinking people" in which he found the only right sanction for a rule of law.

THE STATES.

As regards the States, I may say that I am, naturally, not one of those who anticipate difficulties from their side. The Princes have on more than one occasion shown their readiness to join an All India Federation, subject to the recognition of their rights, of the individuality of their States, and of their own personal prestige—claims which have been fully conceded in principle. Assuming that suitable adjustments will be made in accordance with this principle in the Treaties of Accession to be concluded with them, I do not see why the Princes as a body, or the more important of them individually, should alter their intention to adhere to the Federal scheme; on the contrary, every well-wisher of theirs feels that it is most desirable that they should take a part—a worthy part—in the peaceful evolution of India. What counts more than anything nowadays is a sober realization of the problems to be faced and an honest endeavour to work out their solution. We should all co-operate in creating a living United India, and co-operation is the motto for the times. Financial difficulties may at the moment loom large as a possible obstacle to the early establishment of the new constitution. But these difficulties, as the Secretary of State has shown in his statement on the subject placed before the Joint Select Committee, are for the most part due to the setting up of autonomous provinces on a self-supporting basis, and not to the establishment of the Federal Government in the Centre. The position is one which is receiving, and must necessarily receive, urgent attention and close scrutiny, irrespective of any constitutional changes.

MYSORE'S QUESTIONS.

That scrutiny will, I hope, include two matters that we have very much at heart in Mysore. I refer, of course, to the remission of the subsidy and the retrocession of the Civil and Military Station. In respect of these matters, I may say that the spirit, to which I have referred of readiness to deal with the problems that arise with promptitude and human understanding, makes me very much of an optimist. Both these questions have been brought on to the plane of practical politics, the justice of our claims has been admitted, and the Secretary of State has declared in memorable words as regards the tributes, that it would be a very good thing to get them cleared out of the picture in any new Indian Constitution.

It is a matter, however, of profound regret to us that the Government of India should have disregarded the repeated recommendations of the Round Table Conferences and of the Davidson Committee for an immediate partial remission of the tribute calculated on a 5 per cent basis, which meant the giving up of no more than Rs. 11½ lakhs a year. After all, what we seek is neither "gift" nor "concession," but the remission of a payment which, if I may say so, is not due and which is strangling our State. Feeling in this matter is acute throughout the State and becomes more acute as time goes on. As regards the Civil and Military Station, I hope that the Government of India may arrange in the near future to restore to the jurisdiction of His Highness the Maharaja this integral part of the Mysore State. I must not omit to emphasize here the fact that these two requests of ours are long-pending ones. The request for remission of the subsidy is almost a century old and that for the retrocession of the Assigned Tract was first made in 1924. While Federation makes a settlement of these questions an obviously imperative necessity for Mysore, we maintain that they are really independent of it and in themselves require immediate settlement.*

*Part of the Address delivered to the Mysore Representative Assembly on 30th September 1933.

A University for Poona.

By Rama Sarma, M.A.

Last April, His Excellency the Governor of Bombay accompanied by the Hon'ble Minister for Education received a deputation led by Mr. M. R. Jayakar which asked his Government to undertake early legislation for the establishment of a University at Poona with jurisdiction over all the Marathi-speaking parts of the Presidency except Bombay City. The proposal involved far-reaching issues which included the future position of the University of Bombay and the question whether some form of relief was required by it. The Government of Bombay considered, therefore, that it was advisable, before determining their policy, to convene a Conference to which all heads of colleges affiliated to the University, representatives of the interests of the Bombay University, headmasters of selected high schools, ex-Ministers of Education, certain heads of departments and educational officers of Government, and representatives of special interests, *e.g.*, the Backward Classes, were invited. The Conference, which was opened by His Excellency the Governor and presided over by the Hon'ble Minister for Education, was held at Poona on July 7th and 8th. The discussions are of more than ordinary interest and that must be my excuse for adverting to them in these pages.

The question whether the Bombay University is at present over-burdened and should be relieved of some part of its functions was fully discussed. It was pointed out that the University was not paying sufficient attention to post-graduate teaching and research and that in this respect it was neglecting the interests of the mofussil from which it derives most of its revenue. The difficulties which it is experiencing at present in maintaining uniformity of standards in its examinations were emphasized. It was pointed out that the University is unable to do as much for the development of Indian languages and the specific culture of local areas as it ought. The University Reforms Committee considered in 1925 that in a few years the number of examinees and the establishment of new colleges at great distances from Bombay might constitute a good ground for the division of the University, and it was pointed out that this anticipation had been realized.

The opponents of these views held that the defects indicated could be remedied by the University itself within its present constitution without any fundamental change. It is open to colleges in centres where several colleges exist to combine in order to make better use of their staff for purposes of teaching and research. The Bombay University has achieved a status which no new University would be able to attain in the near future. It is a cosmopolitan University in which sectional and communal interests are subordinated to the general interests of higher education. The creation of a new University would injure it financially and reduce its ability to develop its teaching side for which it has accumulated a large balance. It would increase overhead charges on higher education. It was pointed out that the Bombay University is not carrying so heavy a burden as either Calcutta or Madras. Technical and professional subjects can best be taught through the medium of English in Presidency institutions which should not be affiliated to any local University. The Bombay University is now paying increased attention to the development of vernaculars. The competition between Bombay University and any new University that may be established might lead to a lowering of standards. The balance of opinion appeared to be in favour of giving the Bombay University an opportunity of remedying the defects that had been pointed out before the alternative of creating another University within the Presidency is seriously considered.

In the course of the debate special attention was devoted to the general question whether the establishment of regional universities was a desirable policy. Those in favour of such universities pointed out that the use of English as a medium is a handicap to students and that local universities, by developing the use of the vernaculars, might be of great educational value and would have more freedom generally to work out their own educational conceptions. The Presidency is not a natural unit but is the result of a slow and gradual process of growth. Local areas should not therefore be debarred from developing teaching and research in special subjects to which they attach importance. Poona is a vigorous intellectual and educational centre and is justified in its claim to be the seat of a university. Such decentralization is not inconsistent with an over-riding unity in the general educational policy. The special culture, which a

regional university would promote, will permeate the whole area and gradually influence the standards of all classes of society. The formation of new universities is contemplated in the Bombay University Act. If Government will declare their acceptance of the policy, the advocates of a regional university for Maharashtra believe that the idea will appeal to the imagination of the public and that it will be possible to raise the necessary funds.

The opponents of the idea pointed out that the advocates of the new university for Maharashtra represent only a section of public opinion which is far from unanimous. Fears were expressed that the control of a university in Maharashtra might fall into the hands of a single community. It was pointed out that there is at present no effective demand for a regional university from Sind, Gujarat or the Karnatak. There will be difficulties regarding Urdu and the border areas if the vernacular is adopted as a medium, and with the backward classes if the Marathi language is developed in the new university on the lines of Sanskritization. The financial difficulties are likely to be grave. Primary and secondary education have a prior claim on the funds of Government and therefore no assistance can be expected from Govertment. The experience of the Andhra University is an argument against regional universities. Regionalism, if applied to the recruitment of teachers or the admission of students, is the negation of the idea of a University. It is doubtful if all the existing colleges in Maharashtra would desire to transfer their affiliation from the University of Bombay to the new university. Politically the new university may have a disruptive effect on the Presidency.

The balance of opinion on the whole was against the formation of regional universities with powers of affiliation over external colleges. A considerable body of opinion, however, was in favour of unitary and possibly residential universities, where conditions are favourable and where adequate finance is forthcoming. As this type of university did not strictly fall within the scope of the agenda, this alternative proposal was not fully discussed.

The curiosity of the financial circles has been aroused by the Bank of England's transfer of its New York gold reserve to France and Sweden. On July 13, no less than £1,875,000 in gold bullion was shipped from New York on board the s.s. "Olympic," bound for Paris. On July 20 nearly the same amount was shipped from New York on the s.s. "Majestic," bound for Sweden. The sum of £1,500,000 in gold is already on the way to the latter country. The total amount of gold thus transferred from the United States by order of the Bank of England reaches to £5,250,000. Shortly before the United States declared the suspension of the gold standard recently, the Bank of England purchased the American dollar in large quantities in order to prevent the abrupt appreciation of the pound sterling. Later, seeing that the dollar continued to fall, the Bank of England converted the dollars it had purchased into gold, holding the metal in New York. It is this gold which the Bank is now transferring to Europe. The cause of the gold shipment is attributed to the exhaustion, or near exhaustion of the British exchange control fund. According to reliable reports, Great Britain spent a greater part of that fund for the prevention of wild fluctuation of the pound-franc exchange. The need for replenishing the fund is strongly felt in Britain.

The abrupt transfer of gold from New York to Paris is understood to be intended for converting the dollar reserve into francs and thus prepare for further control of the pound-franc exchange. Incidentally, there has been disclosed the operation of certain secret arrangements between the Bank of England and the Central Bank of France intended for their mutual welfare and protection.

In some quarters, the present action is attributed to the determination of Mr. Montague C. Norman, head of the Bank of England, to act independently of the British Government in co-operating with gold standard nations in support of their currencies.

The puzzle remains unsolved, however, as to why the Bank of England has caused so much gold to be shipped from New York to Sweden, a country which long ago suspended the gold standard.

Bar gold worth Rs. 5,167,424 was exported from Bombay to Europe and America by P. and O. Mail Boat "Corfu" which sailed from Bombay on July 8. The total exports of gold from Bombay since Britain went off the gold standard amounts to Rs. 1,448,998,327.

Nazi Germany Explained.

By Vernon Bartlett.

Nothing can excuse brutality, but some things can explain it. The indignation aroused by the wave of oppression passing over Germany makes it difficult for people to keep a proper sense of proportion in estimating actions and tendencies there. But, declared Talleyrand, "l'indignation n'est pas une attitude politique," and it is vastly important for the peace of Europe that we should remember circumstances which have led to Hitlerism and our own share in bringing them about.

The author of this book* has attempted to give an unbiased account of the reasons for the present German crisis in the belief that only a patient understanding of it will prevent the revival of dangerous bitterness in ex-allied countries, not against Nazi leaders alone but against the whole German nation. And such bitterness would so reinforce the wide-spread German belief that their neighbours are determined at all costs to keep them in a position of lasting inferiority that war would seem to a deluded and despairing people to be the only possible way out.

Events since Hitler became Reichskanzler have so influenced public opinion abroad that the very people who most sympathized with German claims for revision of the Versailles Treaty are now most anxious that no concessions should be made. Many of us who felt it was unfair to visit the sins of the ex-Kaiser on his people are now ready to let the Germans suffer for the shortcomings of Herr Hitler. Papers which protested against the continued blockade of Germany during the Peace Conference now appear to support the idea of a Jewish boycott of all German goods. The reasons for this changed attitude are fairly clear—so many details have reached this country of the ill-treatment of people who seem to us admirable and useful citizens. And yet there is throughout Germany an enthusiasm for the Hitler regime which can scarcely be described in words. How does it come about that the Germany which we see differs so terribly from the Germany which the Germans themselves see?

Germany's Grievances.

To understand the behaviour of Germany to-day, we must go back to the Peace Conference. It is easy enough to shirk the whole problem by saying that the Germans whom we rather liked a year ago are merely so many barbarians, but it would be both short-sighted and unjust for us to do so since the Peace Treaty was forced upon Germany by our own and other delegates. Unless the first democratic government Germany ever knew had accepted the Treaty as it stood, our troops would have marched on Berlin. The great mass of people in Germany after the war never wanted to fight again, but reparation payments, the humiliation of the "war guilt" clause and some of the territorial settlements gave their chance to disgruntled soldiers who believed that defeat came, not in the field, but on the "home front" where the workers had betrayed the nation. They attacked the Weimar Constitution in every possible way, and they met with much more success than they deserved because the Republican Government had not made a clean sweep of the old officials whose sympathies were on the side of reaction. Men who had come back from the War or had grown up while it was waging found that everything in which they had been taught to believe was now held up to contempt. But Social Democracy which had taken over control was unable to lead the way towards a new ideal. Its leaders were dull, mediocre and respectable, and they were hampered the whole time by the necessity of carrying out the hated treaty clauses.

The inflation which wiped out the immense middle-class was a result of the French occupation of the Ruhr, and it helped to convince the Germans that France was their implacable enemy. It also aroused the latent hostility to the Jews who came through it less battered than their "Aryan" neighbours. Henceforth Hitler had an easy job. He had merely to preach against the French abroad and the Socialists and the Jews at home, and thousands of young men who could find no work and who felt there was no place for them in Republican Germany swarmed into the ranks of his Brown Shirts. The Nazi movement sometimes gave them food, but above all it gave them the belief that there was after all some purpose for them in life.

Hatred of Socialism brought support from big industrialists, who wanted to smash the trade unions. And so it came about that

* This is the author's own account of his forthcoming work of the name which stands at the head of this article. The book is to be published shortly by Messrs. Victor Gollancz. Price [illegible]

the Nazi leaders were in many cases closely linked to the reaction, while the rank and file remained revolutionary. Hence the amazing variety of promises made by Hitler during his campaign for power, and the lack of a definite programme after more than half a year of absolute government. The Nazi movement has flourished on distress and its excesses are the measure of the sufferings of a people defeated and starved in war, disillusioned by a harsh peace treaty, starved again by inflation, and starved yet again by the results of the world economic crisis.

Germany should be looked upon as a patient suffering from neurasthenia. She is not entirely responsible for her actions. Furthermore, owing to the strict censorship the enthusiastic multitudes who cheer the Nazi leaders as their saviours have no idea of the bullying which have brought the new government into disrepute abroad.

What should be the attitude of foreign governments? They must choose between two alternatives. Either they must seek to crush the nationalist enthusiasm of which the Nazi movement is only the outward, visible sign, or they must agree to let it grow and yet take such precautions as they can to limit its possible destructive effects. It is doubtless true that Germany is now building up secret armaments and the rank and file of the Nazi movement, although for the moment definitely opposed to the idea of war, could easily be swung round to support it. But all this should cause no surprise, for it was obvious even before the Disarmament Conference opened that nothing much would be achieved until the crisis was reached when Germany threatened to arm because the others failed to disarm. Our statesmanship and our self-control are being tested now as at no other moment since the War. Measures taken to break the power of Hitler might succeed, for the economic situation with which he has to deal is very grave, and any steps to bring about a drastic reduction of unemployment—a reduction which is essential if he is to retain his popularity—will cost money when the State can least afford it. But the collapse of Hitlerism owing to pressure from without would merely postpone and accentuate the German danger. It would increase the belief of a despairing people that the outside world wanted only their destruction, and the bitterness aroused would poison the whole body of Europe. If Hitlerism were to collapse, it would be of the very greatest importance for the future peace of Europe that the Nazi leaders should have no excuse to blame foreign governments for their own failure to "deliver the goods".

The alternative action is less sensational but more statesmanlike. The European structure must be so reinforced that it will be strong enough to withstand any shock. Already the anxiety caused by Hitlerism has led to the signature of non-aggression pacts throughout Eastern Europe, to renewed talk of a Danubian Federation, to a Franco-Russian *rapprochement* and to the first signs of a better understanding between France and Italy. So far, so good. But there would be no gain to Europe if these improvements were merely a revival of the Balance of Power policy. The balance would not always remain weighted heavily against Germany, and the intrigues and bribery in the process of changing the balance would make another war inevitable.

The League of Nations is discredited since the failure of its principal members either to reduce armaments or to carry out the Covenant in the case of the Sino-Japanese dispute, but it will recover, since only some system of "pooled security" can possibly remove the anxiety caused by the existence of over sixty million embittered and nationalistically-minded people in the centre of the European continent. A thorough system of armament control should help to satisfy the French. Strict limitation, at figures slightly lower than those of our present armaments, should help to convince the Germans that there is no intention of making the present disparity a permanent and provocative factor in European politics. A reminder that no nation on earth—and least of all a nation on whose territory the worst war in history was fought out—can be expected to disarm while her neighbours fill the ether with their military music and their chauvinistic speeches, might help to modify German policy.

You do not cure neurasthenia by becoming hysterical yourself or by knocking the patient over the head. Concessions at the present time would doubtless be taken by Germany's present rulers as confessions of weakness. But sympathetic understanding of the hardships through which Germany has lived and a recognition of the extent to which we ourselves are responsible for them would do more to rid Germany of her persistent inferiority complex than all the concessions which could be made by the most conciliatory neighbouring governments.

Some Bengal Villages—A Review.

By S. Subbarama Iyer, M.A., Dip. Econ.,

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Dr. Gilbert Slater, some time Professor of Indian Economics in the University of Madras, used to say that the present generation of Indian economists can best serve the cause of their Science by investigating the facts of economic life about the people living in the villages of India. He set the example by guiding his students, mostly undergraduates of the University of Madras, in such investigations. He prepared a questionnaire on village economic conditions and asked the students of the several colleges in Madras to prepare answers for them while they lived in their villages during the summer holidays. He edited a series of such surveys himself and published them with his own observations (*Some South Indian Villages*, Oxford University Press), the first of its kind in South India.*

The lead given by Dr. Slater has been followed in several Provinces. The volume under review is modelled exactly on Dr. Slater's. The students of the Scottish Church College, Calcutta, were asked to prepare answers to a village questionnaire issued by their Professors. The Editors, Professors Bhattacharyya and Natesan, have each contributed one chapter, the first on Economic Survey in India, and the second on Some Problems of Village Life in Bengal. Sir Daniel Hamilton contributes a Foreword. There are seven Village Surveys in this volume. The villages selected are distributed over a wide area. One is in the Himalayan region (near Nepal border); another is in East Bengal; a third is in West Bengal; a fourth is in the Sunderbans and so on.

Prof. Bhattacharyya gives an introductory sketch referring to the importance of village surveys in general and the work so far done in other Provinces and in Bengal. Prof. Natesan follows with an account of the problems of village life in Bengal. This is an independent attempt and does not pretend to summarize the conclusions, or draw inferences, from the surveys themselves. The natural fertility of the soil in Bengal; the predominance of agriculture as an occupation of the people; the pressure of agricultural population on the soil; the lack of alternative employments; the smallness and fragmentation of holdings and cultivation; the high density of population (with an average of 579 per square mile); the quantity and quality of labour (the latter being not so satisfactory as the former); the comparative poverty of cattle; floods, hyacinth and malaria which take their annual toll of wealth—human and material; the malnutrition of the average Bengalee (his food lacking in protein contents); the scope for the development of jute industry in the interior which will divert superfluous labour from agriculture; the lack of adequate communications in the absence of roads; defective marketing facilities which preclude the agriculturist from retaining for himself the full fruits of his labour—these are referred to by Prof. Natesan in this chapter as being the most prominent features of rural life in Bengal. It may be said that there is nothing typically Bengalee in these features as they are to be found generally elsewhere: one would certainly like to know for example something about the economic results of the zamindari system or the permanent settlement which are peculiar to Bengal, but Prof. Natesan pleads limitations of space as an excuse for omitting to deal with them.

Let us now turn to the Surveys. There are altogether seven which are of different degrees of merit. It is impossible to draw general conclusions about the social or economic life in Bengal from such a small number but a few observations culled from them will throw some light on the subject. This may best be done by placing side by side some of the observations made by the authors of these Surveys under the several heads of investigation, as almost the same heads have been used by all.

The Village Population.

The numbers of population in the seven villages (their areas are not given in some cases) are:—

D. ..	..	966
N. ..	..	186
N. K.	..	896
M. ..	..	4,000 (approximately).
G. ..	..	15,000 (approximately).
P. B.	..	1,431
H. ..	..	2,458

The "villages" therefore are of different sizes. But it is necessary to remind ourselves

*An Economic Survey edited by N. C. Bhattacharyya, M.A., B.L., and L. A. Natesan, M.A., B.L., Professors of Political Economy, Scottish Church College, Calcutta. Published by the University of Calcutta, 1932.

that in rural Bengal there are no villages in the strict sense of the term but only rural dwellings of cultivating and land owning classes whose house sites are not even marked off from the cultivated fields. Such homesteads are scattered over the whole face of the countryside. "Each cultivator has selected a suitable spot for a homestead on his own land, dug a tank, or made untidy irregular excavations to obtain earth to raise a site and built a house in it." And, "there is no corporate life in them and the house sites do not tend to lie in compact blocks but rather in long strips by the side of streams which by the deposit of their silt have raised their banks above the dead level of the rice fields."

In the absence of data regarding the extent of these "villages", no useful conclusion can be drawn from these Surveys as regards the *density* of population.

Some Surveys record an increase in population; others register a decrease; others are silent. D. has increased by 8 per cent in three years. In N. there are on the average 2 deaths (adults) and 5 births but out of these 5 new born babes about 2.5 *on an average* make their exit just after birth. In the village N. K., an epidemic of cholera wiped out 150 in a total of 896. In M. there are no vital statistics, but "the point is," says the writer, "infant mortality is not common in the village". In G. the population is increasing, though slowly, the increase being greater in males than females. Immigration is recorded in the case of P. D. (in Nepal border) where a large influx of Nepalis from Eastern Nepal has taken place; while in H. (Western Bengal) the population is depleted owing to emigration to Thara and Dhanbad Coal Mines, Jamshedpur Iron Works and Burnpur Steel Corporation.

Sanitary Conditions.

Dirt, disease and premature death seem to be the lot of villages in Bengal as elsewhere. "People live in congested area." "There is no regular drainage system in the villages." "Housing conditions are in general poor." "*Malaria is most prevalent in the village.*" "Kala-azar is another." "Medical assistance within the reach of villagers is really meagre." In another village medical assistance is available, but "it is a little costly for the people in general". "*Brahmins and Kayasthas are* always neat, but fishermen and milkmen are the worst offenders in this respect," says another. "Drinking water is taken from tanks which might be used for many purposes, or almost covered by water hyacinths." Another village in the Himalayan region is "suffering from want of sufficient water for drinking purposes". "The habits of the villagers are not very sanitary."

Agricultural Economics.

On this topic the observations of amateurs are of little value and the nature of the survey (by College students during the hot weather) makes it impossible for any accurate data to be collected. But a few general remarks of *theirs culled at random will* convey some idea of conditions under which the main occupation of the people is carried on.

In village D. a part of the area belongs to outsiders. "The zamindar of the village (*now under the Court of Wards*) does not effect any improvement in the soil." It will be remembered that Bengal villages are mostly zamindari, *i.e.*, a rent collecting class is interposed between the actual cultivators and the State. The only economic justification for the zamindari system is that belonging as they do to the leisured and well-to-do class the zamindars can play the role of pioneers in agricultural improvement and become the leaders of the people. If these surveys are to be believed, it is doubtful whether they play this part; they interest themselves mainly in the puntcual collection of their dues and spend the money so collected on themselves and not on agricultural improvement.

In village N. all the land belongs to two zamindars who do not reside in the village itself. Half the corn at harvest time is to be shared between the zamindar and the tenant or the latter may stipulate to pay a specified amount to the owner. In the latter case there are other payments to be made such as a fixed sum to the zamindar as *Nazar*. In the village N. K., we are told, "the zamindars have effected really little substantial improvement." The number of land owners *cultivating land themselves is few; it does not* exceed one-eighth. The evils of absentee landlordism can well be imagined.

"No manure is used by the cultivators." "No improvements have been made in cultivation in recent times." These remarks are found in almost all the surveys. In Bengal, land is materially fertile. Though there will always be scope for bringing about technical improvements in agriculture and improving the marketing facilities, a perusal of the surveys leaves the impression in one's mind that the main problem of Bengal agriculture is the problem of equitable distribution of agricultural wealth between the zaminadars, the cultivators and the State.

methods than the application of the mallet or the light club. Crushing between two grooved rollers revolving in opposite directions much the same way as in a cane-crusher would perhaps be found a convenient method of decorticating the seed. The kernel is of a good size and can be easily handpicked from the mass of broken shell.

Notwithstanding the variations in composition noticed above Nahor seed is one of the richest in oil having, as mentioned before, an oil content of 76.7 per cent. The oil is so profuse that it can be pressed out from the kernels, specially the dark ones, by the fingers. The people who used this oil for lighting purposes before the advent of kerosene often burnt the dried kernel without undergoing the trouble of expressing the oil.

No dependable data are available regarding the yield of the oil from the seed by expression in the country ghani. Judging, however, from the results in the case of another seed of almost equally high oil-content, *viz.*, the Punnal seed (***Calophyllum inophyllum***), the expression in the ghani cannot be expected to be thorough. In the case cited no less than 19 per cent of the total oil remained in the cake, and was therefore a waste. The Nahor seed was, however, treated in an experimental hydraulic press working at a pressure of 2 tons per square inch. The dried seed without the shell yielded on double expression a total of 66.4 per cent oil, 55.4 per cent being the yield of the first expression. This result works out to an yield of 34.3 per cent on the undried seed in the shell as against 39.7 per cent, the total oil-content.

The cake is poor in phosphorus and potash but has a fairly high nitrogen content, *viz.*, 3.64 per cent, and can be usefully employed as a manure.

Nahor oil is somewhat thick, and has a dark-brown colour. It has a not-disagreeable smell and a mild pungency like that of mustard oil. The oil contains substantial proportions of highly coloured resins which considerably modify its properties and behaviour. These resins do not yield to any of the usual, industrial, purification methods. Their separation by treatment with sodium carbonate is impracticable as the resin soap formed on the addition of the carbonate keeps the remainder of the oil in an emulsified condition from which it is difficult to separate either the oil or the soap.

The application of the oil in the soap industry, with special reference to its utilization as a raw material for the common washing soap, has been examined in the Industrial Research Laboratory. The oil expressed in this Laboratory from the seeds from Chittagong Hill Tracts gave the following chemical constants :—

Saponification value ..	230
Iodine value	96.3
Titer	22°C.

The first two values give an I. N. S. factor of 134 which is higher than that for Mowha oil. As oils with higher I. N. S. factors are preferred to those with lower ones the Nahor oil as a soap stock ought to have precedence over Mowha oil, but the presence of the resins brings in complications and detracts from its value. On an examination of the saponaceous properties of Nahor oil it appears that while the deep colour that the oil imparts to its soap is a handicap to the use of the oil as a raw material for soaps of a pale colour, the other properties of the soap, *viz.*, latheration, emulsification and detergence, are such as to warrant the use of the oil in considerable quantities in the production of soaps in which a little colour is not considered a disqualification, as, *e.g.*, the common washing soaps.

The oil has a high acidity due to the presence of the large proportion of resins. It is, therefore, unsuitable for making soap by the cold process.

In the boiling process the saponification of the oil is devoid of any extraordinary feature. An intensely yellow coloured emulsion is formed immediately on the addition of caustic lye to the oil. Similar development of colour takes place when the oil itself is brought in contact in the cold with an alkali such as sodium hydroxide or carbonate, solid or in solution, or ammonia. With the progress of the boiling in course of saponification the colour deepens until a deep reddish brown soap is obtained. The colour of the soap loses in intensity as it is subjected to brine wash. The final soap is still of a brown colour. The soap grains out quite easily both with brine and with strong caustic lye, the grains being very soft and of a large size. They can easily be stirred into a soft, claylike, consistence and cast into moulds. The moulded soap is rather soft when fresh but hardens on staying. The soap has a mild aromatic odour.

An examination of the soap revealed the following characteristics. It is sloppy and produces a thick, greasy, and moderately foamy lather. The emulsifying power and detergence are high, and the washing properties are in no way inferior to those

of the soaps of well-known stocks. The soap should, therefore, find considerable use in household washing and also in the dhobi-khanas.

The graining point of the soap of this oil, *i.e.*, the temperature at which the grained soap begins to solidify in brine, is 49°C. For purposes of reference the graining points of some well-known stocks are given in Table III below :—

TABLE III.

Graining points of some well-known soap stocks.

Soap Stock.	Graining point.
Cocoanut oil	82°C.
Tallow	66.5°C.
Mowha oil	57°C.
Neem oil (revised)	54°C.
Punnal oil	54°C.
Rayna oil	52°C.
Mustard oil	54°C.
Cottonseed oil	47.4°C.
Groundnut oil	46°C.
Til oil	44°C.
Karanja oil	39°C.

In combination with other stocks Nahor oil can produce very serviceable soaps. The colour of such soaps will be more or less brown according as more or less of this oil is used, and the smell agreeable, for the aromatic odour of the Nahor soap successfully masks the soapy odour due to the other stocks. A few typical blends are given below showing how this oil can be used in large proportions along with rosin to make cheap and serviceable soaps of high cleansing properties. It is not recommended to use this oil beyond small percentages in cases where a brown colour in the soap will be considered a disqualification—

(1) Stock.	Parts.	(2) Stocks.	Parts.
Tallow	14	Tallow	16
Mowha oil	20	Mowha oil	19
Cocoanut oil	15	Cocoanut oil	12
Rosin	10	Rosin	12
Nahor oil	41	Nahor oil	41
	100		100

(3)		(4)	
Mowha oil	39	Tallow	14.5
Cocoanut oil	12	Mowha oil	21
Rosin	16	Cocoanut oil	7.5
Nahor oil	33	Rosin	14
		Nahor oil	43
	100		100

(5)		(6)	
Tallow	14	Tallow	26
Mowha oil	25	Rosin	16
Rosin	15	Nahor oil	58
Nahor oil	46		
	100		100

(7)	
Tallow	40
Nahor oil	60
	100

In a warehouse at Shanghai £4,000,000 worth of treasures and ancient relics from the former Imperial Palaces in Peking are stored. Some of the pearls are as large as walnuts and they illuminate a darkened room. The treasures were conveyed to Shanghai for fear that they would be lost for ever to China if Peking were to fall into the hands of the Japanese. They include a set of an ancient Chinese encyclopædia, consisting of over 100,000 volumes. In them are all the ancient classics and information touching upon every phase of human knowledge and activity. This encyclopædia was compiled early in the Ching dynasty. At one time there were four complete copies. Two were destroyed by fire, and a third is stored in museum the at Mukden, Manchuria. Among the relics are bronze incense burners made in 2000 B.C. for Imperial sacrifices to heaven; more than 20,000 jade and gold seals used by the Emperors, Empresses, and leading statesmen of China for the past 3,000 years; centuries-old costumes, weapons and armour; gems which once adorned the Emperors and Empresses of China; tapestries, vases, antique furniture, and rare old carpets, on some of which 10,000 dragons, each different in shape, size and colour are embroidered.

According to Press reports, the new Dutch duties on all grain imported from abroad will hit the Indian and particularly the Burma rice export trade very considerably. The real effect of the duties will be felt when the new season starts in January. 1934.

Indian Census Revelations.

By G. V. Rajaratnam, Bombay.

The astounding story of the rapid growth of India's population to 353 millions is told in the detailed All-India Census Report issued by the Central Government. The actual increase since 1921 is a little under 34 millions and virtually represents the total population of France or Italy and is greater than that of Poland and Spain. By this sensational numerical progress, India has leapt to the top place, beating all countries including China. Dr. H. J. H. Hutton, the Census Commissioner, declares that this increase is, from most points of view, a cause for alarm rather than for satisfaction, and suggests that if the luxury of baby weeks is permitted in future, they should be at least accompanied by instructions in birth control.

Meantime a small calculation will tell us that it is possible that the population might be roughly 360 millions to-day, as the Census figures are now two years old. 360 millions. This bald figure now represents, more than any political or economic tangle, the greatest and most urgent problem awaiting successful solution. The rate of progress has got to be arrested to prevent the further impoverishment of the Indian people. It is a tragedy that India should register a steep rise in population while the economic condition of the people in its many phases has shown marked decline. A drastic curtailment in the birth rate offers the only solution. The rate of increase is such that even the severest of famines or the greatest of wars cannot appreciably reduce. As Dr. Hutton says, the control of birth rate by eugenic means should be resorted to without further delay. Even intensified industrialization cannot provide food in an adequate manner for our already semi-starved hordes spread in millions through the country.

All things fairly considered, the only rational method is by preventing the appalling number of births by artificial methods. Silly old ideals of glorifying maternity, with a background of religious fervour, should not block the progress of reason and rationalism. Indian population should not go up in numbers. Public opinion in favour of opening birth-control clinics should be actively stimulated despite the croaking of superannuated old fossils who are bound to raise the disgusting cry of "religion in danger" and such other glib phrases.

This is an age of hustle and progress. Crusted superstitions should make way for newer ideals based on the needs of the times. What was termed immoral may have to be called moral by the pressure of present circumstances. And there is nothing immoral if a couple of sorely pressed people, anxious to limit their family for economic and other reasons, are given correct and harmless instruction in artificial birth-control by qualified persons. But I digress. The need for propaganda in this connection is very necessary at this juncture. The Government officially should educate public opinion as to advantages of opening clinics. If the Government is halting in the matter, then it is up to politicians, like the Congressmen to take up the question in right earnest for they may have to face the population problem sooner or later.

India is in need of dynamic pioneers like Dr. Marie Stopes and Dr. Margaret Sanger for breaking the ancient superstitions of the people sedulously fostered by ignorant hordes of priests and their ilk. The reason why population in Western countries has not increased is due to the fact that people in general have knowledge of the means of family limitation.

The State of Mysore has taken a lead in the matter of opening birth-control clinics for certain purposes only, why not make it generally useful for those in need? Mysore, as in many matters, can make a start as the pioneer state in India. Let not prudery and a sense of false modesty stand in the way of helping people in their big problem of life which has a direct relation to the weal and welfare of the country.

To meet the increasing demand for the supply of coal in pulverized form, Messrs. H. Tollemache and Co. have decided to embark on the production of pulverized fuel for marketing purposes, and the first plant, which is being erected at a colliery in Yorkshire, is expected to be in production within a few weeks. It is stated that this is the first practical step yet taken to bring England into line with Germany and the United States, where for some years past pulverized fuel in prepared form has been available for purchase by consumers, who are thus saved the necessity of installing their own grinding plant.

Co-operation in Bombay.

By Rama Banajiga, B.A.

At an informal Round Table Conference held by the Government of Bombay on the 2nd and 3rd of June last at the Council Hall, Poona, there were discussed some outstanding questions connected with the Co-operative Movement in the Bombay Presidency. Fifty non-official delegates were invited and forty attended. These represented all interested in the movement and all districts excluding Sind. A number of officials connected with the movement were also present and took part in the discussion. Proceedings were opened by His Excellency the Governor Sir Frederick Sykes. His Excellency welcomed the delegates and hoped that the Conference would concentrate on measures for improving primary societies on sound co-operative lines. He particularly urged that members should keep in the forefront the moral aspect of the movement and the valuable opportunity which it affords for development of character. The co-operative movement, he pointed out, can do a great deal to increase the happiness of cultivators and to safeguard their interests. His Excellency indicated that he was concentrating his own attention on the development and progress of village life, and hoped that societies would mobilize public opinion towards this end. He emphasized the necessity for organized and continuous training of members of societies in the aims and ideals of co-operation. With regard to the serious growth of overdues he suggested prompt action to check the contagion of default and hoped that the results would be successful. The Central Banks were faced with a serious situation owing to part of their funds having become immobilized and he hoped that the Conference would be able to suggest remedies in this respect.

Sir Chunilal V. Mehta thanked His Excellency on behalf of the non-official workers in the co-operative field for convening this Conference and hoped that the efforts of Government would improve the lot of villagers and bring them more wealth and happiness. He assured the Governor that he would receive the fullest support from the public in any attempt to increase the prosperity of the agriculturists, and he thanked His Excellency for his keen interest in the welfare of agriculturists and co-operative societies.

After the Governor's departure, the Hon'ble Minister for Education welcomed all the delegates and explained the procedure for conducting the discussion. The items on the agenda were then taken up. Discussion ensued. It is worthy of note that as regards the proposal of the Reorganization Committee to withdraw the privilege of recovery of all future loans of co-operative societies, as arrears of land revenue, two members agreed with the Committee's proposal on the ground that recovery through the revenue agency is the negation of co-operation. Others opposed the withdrawal of this privilege but recommended that it should be available only for recovery of a portion of the dues of a society, and this should be achieved by the Registrar restricting the certification of awards for execution as arrears of land revenue in order to prevent abuse of this facility. They argued that its withdrawal would have very undesirable consequences. The finance of societies would be greatly restricted and would be so costly as to be prohibitive. However, care should be taken to ensure that mutual pressure of members is applied to secure repayment of loans, and that awards are sent to Collectors only as a last resort. Some speakers suggested that the question should not be decided till figures are available to prove that in fact the system of recovery through revenue officers is being abused or used too freely.

It seemed the opinion of the majority of those present that as the special recovery staff appointed for recovery of dues of co-operative societies is at present working satisfactorily under the control of the Collector, there is no need to transfer control to the Registrar especially as such a course involves certain legal difficulties.

As regards the proposals to give societies the privilege of setting off their claims against the purchase price of the land sold in satisfaction of those claims, the Conference considered that such a step is necessary to remove the difficulty which societies find in obtaining cash to pay the deposit and the balance when the auction is confirmed. It was suggested therefore that if necessary an amendment should be made in the Land Revenue Code or the Rules to effect this. To reduce the temptation to lend money too readily against the security of land and the possibility of societies becoming large landholders, the Registrar should permit societies to acquire

land only on the specific condition that they would reconvey the land to the orginal occupants within a fixed period of time on payment of societies' dues.

Under the Civil Procedure Code, an attachment of immoveable property obtained before a decree is granted, continues even after the decree is passed. It was pointed out in the Conference that few cases of awards under the Co-operative Societies Act are sent for execution to the Civil Courts. When they are sent for execution to the Collector they are governed not by the Civil Procedure Code, but by the land Revenue Code, and under the latter Code there is no provision for attachment of land. It was therefore considered that provision for a precautionary attachment of land under the Land Revenue Code after the award is necessary to check the growing tendency of defaulters to alienate their property in the interval between the award and execution in order to evade to pay societies' dues and it was urged that the Land Revenue Code could, if possible, be amended for this purpose.

Section 59 (2) of the Co-operative Societies Act provides that in certain circumstances the land of a defaulter is to be handed over to the Societies, but the Advocate-General has given an opinion that under the existing law this cannot be done since there is no provision for attachment of land under the Land Revenue Code. The Conference, therefore, suggested that Government should take such steps as may be necessary to make it possible for the provisions of Section 59 (2) of the Co-operative Societies Act to be carried into effect, since this measure is vitally necessary in the interests of societies.

The Conference was of opinion that when a survey number mortgaged to a society is sold through Revenue agency in order to recover the dues of the society only such Government dues as relate to that particular survey number should be deducted from the selling price and credited to Government, if the defaulter has other land from which the balance of Government dues could be recovered. If it was subsequently found that the Government dues had thereby become partly or wholly irrecoverable, then the society and the Provincial Bank should reimburse Government for the loss suffered by following this procedure instead of the procedure now in use.

The recommendation of the Reorganization Committee that societies should no longer be exempted from registration and stamp fees and the whole real cost of audit including leave and pension charges should be recovered from them, did not find favour with the Conference. Speakers urged that to withdraw these concessions from all societies alike would have an adverse effect on the movement. Either co-operative societies would be obliged to charge a prohibitive rate of interest or the building up of their reserves would be retarded. It was pointed out that these concessions are enjoyed by societies all over India and in most countries of Europe and this Province should not make an exception.

The Conference suggested that as eight Co-partnership Housing Societies in Bombay City and Suburbs are suffering from the fact that they built their houses during the boom period and are now faced with a reduced income and vacant tenements, their cases should be examined by Governemnt and such relief afforded as may be possible. Speakers considered that no absolute embargo should be placed on financing new Housing Societies. It was suggested that the Provincial Government should move the Government of India to sanction a loan for this purpose, in view of the fact that at present money, land, labour and building materials are all cheap.

The Conference was of opinion that Land Mortgage Banks are necessary, if the burden of agricultural indebtedness is to be lightened. The present time is opportune for an attempt to reduce indebtedness since money-lenders are likely to be willing to accept very considerable reductions in claims in return for cash. Moreover, these Banks would enable agriculturists to improve their land and thus increase their income. It was pointed out that the Provincial Bank has been losing on its transactions with the existing Land Mortgage Banks, and a suggestion was made that its functions in this respect should be transferred to a Central Land Mortgage Bank. The Conference proposed that a small Committee should be appointed to investigate this question in detail as was done in 1926. The Conference considered that Government should assist the Land Mortgage Banks by guaranteeing the rate of interest on debentures issued by them and if possible, by subscribing a portion of the capital raised. It was further suggested that in selected areas a scheme of voluntary debt redemption should be carried out on a restricted scale through the agency of these Banks. The Conference was further of opinion that to relieve the financial condition of agriculturists in the Canal area,

centrifugal plants should be erected by the Provincial Bank and by Government, care being taken to ensure that the location is wisely selected both in respect of the area under cane and as regards the market. There should be no undue competition between such small factories and the large factories proposed to be erected in the area. The Conference was also of opinion that there should be no embargo either on the propaganda work to be done by the Department or on the registration of new societies. Propaganda of the right sort should continue, as the Department exists for it. Societies should be registered if they show promise of success and particularly if they are for the benefit of backward classes or for developing a tract previously undeveloped. The recommendation of the Reorganization Committee in paragraph 219 (*a*) should not be accepted.

The Conference considered that the policy now being followed by the Department of liquidating such societies as cannot be revived in spite of all the attempts to do so should be continued, and the Registrar's discretion should not be fettered. Some speakers suggested that before liquidation, the Institute and the financing bank should be consulted. Undue haste in cancellation should be avoided. The majority of speakers were of opinion that the existence of honorary organizers was a valuable asset to the movement and that the recommendation of the Reorganization Committee to withdraw the travelling allowances of these organizers should not be accepted. Several speakers were, however, of opinion that in order to secure co-ordination of non-official effort for the improvement of societies, the honorary organizers should be more closely associated with the Co-operative Institute. As regards the recommendation of the Thomas Committee to entrust the work of supervision to Sub-Auditors in order to secure efficiency, the members of the Conference were divided in their opinion. Some considered that the present system of supervision is defective; while others thought that even if defective, it is capable of improvement. The combining of audit and supervision might affect integrity of audit and this contingency should be avoided. The proposal also might result in withdrawal of local support and enthusiasm, as non-officials would be unwilling to work on the Unions which would retain only a semblance of power. It was suggested that as the question is of great importance to the movement, a small committee should be appointed to investigate it in detail and report to Government. The majority of speakers desired that the District Boards of Supervising Unions should be constituted as Sub-Committees of the Institute in order to secure better co-ordination in the movement, but should not be subordinated to the Institute.

The proposal to limit the dividend payable by Co-operative Banks to 7½ per cent, with provision for carrying to Dividend Equalization Fund a sum not exceeding 2 per cent, was approved by the Conference with the proviso that to meet unforeseen contingencies, the Banks should be authorized to declare a dividend in excess of 7½ per cent in any year with the previous permission of the Registrar. Finally, the Conference suggested that Government might appoint a small Sub-Committee to investigate what measures societies should take to assist their members to withstand the effects of desression and report to Government on bahalf of the Conference.

The Hon'ble Minister for Education, in conclusion, thanked all the members of the Conference for their valuable suggestions and promised sympathetic consideration. He pointed out that as a result of this Conference several misapprehensions and misunderstandings had been cleared up, and he desired all members to assure the societies which they represented, that Government have always been anxious to promote measures to improve the condition of agriculturists and men with limited means. Both the Minister for Education and Sir Chunilal Mehta, who, on behalf of the Conference, thanked the Chairman for his able conduct of the proceedings and hoped that this Conference would lead to closer collaboration between Government and the non-officials in the movement, deserve to be congratulated on the satisfactory manner in which longstanding questions connected with Co-operation had been dealt with. The decisions arrived at are of interest to co-operators all over India and this must be our plea for devoting space to this important Conference in this *Journal*.

F. E. Bailey in "Vingle Darling": "What is the riddle of life", asked Vingle Darling. "I have gloriously achieved my object and won the game of wits against wits and now feel as flat as yesterday's soda water?"

"Life and its struggles are like wine," was the reply, "and to the active mind achievement is death, until another struggle calls you to life again."

Reserve Bank Committee's Report.

By Principal Sohrab R. Davar, Bar-at-Law.

I have been asked by various journalistic friends both in India and outside to issue a *brief statement on the above Report* which I do hereby.

As I have already pointed out in my previous contributions and public lectures, the Shareholders' Bank is the only solution to the problem as all great countries of the world *have found* of keeping out political influence as well as undue state interference in the working of a Central Reserve Bank, the Committee has rightly accepted that principle.

Here there are four nominations to be made by the Governer-General in Council on the ground that if agricultural and other interests are not represented by the elected directors, the vagaries of the election should be capable of being adjusted by nomination. There is always considerable suspicion in the public mind when the word "Nominated" is used in connection with any public body, and therefore I should prefer to see these four or if possible less seats on the Central Board being reserved for certain interests and the incumbent elected by the electorate rather than nominated by the executive. The other question which arises here is that the Governer is given the power to exercise his vote and in his absence the Deputy Governor is given the same power. On the top of this the Central Board is to be made up of elected representatives in five divisions. This may lead to the anomaly of the Governor virtually controlling the whole organization and direction, taking advantage as he might do of thin attendance at Board Meetings because it will be difficult in practice to get all the directors to be present at every Board Meeting from distant locations in India, considering that men of high status and many engagements are most likely to be elected on this Board. I should thus like to see that the Governor who is an executive officer should have no voting power on the Central as well as Local Boards.

The Committee desires that the majority of the Board of Directors should derive their mandate from the shareholders; that is no doubt a very laudable objective but the difficulty in my mind is as to how that very desirable objective could be achieved. I should suggest that a shareholder holding even one share should be given a vote and that the maximum voting power in case of each shareholder be reduced from ten to five. Thus it would give voting power *in the hand of the humblest of the shareholder*, at the same time preventing undue use of this power by large holders in the future, he may utilize same for selfish motives against public interest; at the same time the regulation which provides for a holding of at least six months for voting qualification may also prove to be a check on shares being nominally transferred to dummies by large holders with a view to increase their voting power beyond their statutory limit on convenient occasions. If a further provision is made to the effect that the transfer of these shares should be made by deed as in case of some English Companies and Banks and common law rule of English applied to this deed that would make the position stronger as under such circumstances blank transfers are void.

With regard to five divisions the allocation of two seats to Delhi on the Central Board seems to be rather a generous allowance, considering the position of Delhi from the industrial and business standpoint and its capacity to purchase its quota of capital.

Again it is provided that the members of the first Boards, both Central and Local, should be nominated by the Governor-General in Council in the first instance, provision being made for retirement in rotation of a certain number every year. Knowing as we do how this retirement by rotation of a small number works in connection with other joint stock banks when the original directors are nominated by the Articles of Association, the system does not appeal to me and I should suggest that we should press for a provision by which the whole of the nominated Board retires at the end of the first year, thus giving an opportunity to the shareholders to elect directors of their own choice. It may be of course left open to the original directors to offer themselves for re-election at this time. The retirement by rotation arrangement may then be brought into force during subsequent years.

In connection with the appointment of the Governor and the Deputy Governors by the Governor-General on his own responsibility or the alternative plan approved by the majority of the Committee to the effect that the existing provision of the Imperial Bank constitution should be followed, viz., that the Governor

and Deputy Governors should be appointed by the Governor-General after consideration of the recommendation of the Board, both seem to be open to considerable objection, specially when India is getting a new constitution where it is claimed that the peoples' powers are to be considerably enlarged in matters like this. The minority of the Committee's suggestion to the effect that the appointments in the first instance should be made by the Board of Directors, subject to the approval of the Governor-General or preferably in my opinion to that of the Governor-General in Council, would be a correct and safer course to be followed here. No doubt the appointment of these officers is of considerable importance to the state but it is of equal importance both to the shareholders and the Indian public. *Again there is nothing said on the question* of dismissal of the Governor or Deputy Governors if they *are found objectionable* on some substantial ground. Unless the power to dismiss these officers is vested in the Central Board the position of that Board in case of frequent conflicts between it and their officers will be most awkward. The Governor who owes his appointment to the Governor-General as provided for in the present scheme being after all human, is most likely to consider himself beyond the control and direction of the Central Board and only responsible to the high official to whose selection he owes his office.

On the question of the rupee sterling ratio if an attempt is being made to maintain the *present ratio of 1s. 6d. at which the rupee* is linked to the pound, there will be of course the majority of public opinion in India against such a proposition. I personally hold that *1s. 6d. ratio is unnatural, i.e., not suitable* to the requirements of this country and that the correct and the most natural standard should be at the rate of 1s. 4d. a rupee.

The Central Reserve Bank should, in my opinion, be left free to dislike the rupee if and when it finds advantageous in the interest of India to do so and is confident that it can *maintain its position in the world currency.* I personally have no doubt that once the Central Reserve Bank begins to function with a properly regulated currency system there is no reason why the linking of the pound with the rupee should be maintained any longer because the Bank with its expert officers guided by it. Boards will be able to manage most efficiently and we trust in the interest of the nation the currency and its fluctuations.

The next and the last point I should deal with is that of agencies of the Central Reserve Bank. I am sorry to notice the recommendation that the Imperial Bank should be given a sort of virtual monopoly of acting as an agent of the Central Reserve Bank, to the exclusion of other Indian joint stock banks which will *be "scheduled" under the Act and will be* very substantial banks for that reason. *However, there is a reservation to the effect* that the Central Reserve Bank is not bound to appoint the Imperial Bank as its Agent in places where it has no branches at present. I submit that location should be given to Indian joint stock banks to act as the agents of the Central Reserve Bank if they are anxious to do so. Even in connection with locations where the Imperial Bank happens to have its branches at present, some compromise should be made in the Bill with a view to give an opportunity to our Indian joint stock banks to have a share in the business of the Central Reserve Bank. There is one more question, *viz.*, compensation to the *Imperial Bank. If the Imperial Bank is to* act as the Central Reserve Bank's Agent and *is thus to have a lion's share in the profits for* acting in this capacity, there should be no *question of "compensation" if at all.* Besides when the original Bill was introduced by Sir Basil Blackett, the term of the agreement with the Imperial Bank had not expired. The question at present therefore assumes quite a different aspect so far as this point is concerned.

A War veteran, Locomotive No. 2717, which is believed to be the only British railway *engine captured by the Germans, has been* withdrawn from service and broken up after *a working life of over 1,200,000 miles. This* locomotive was one of 78 sent by the London Midland and Scottish Railway to France for War service, and was captured by the Germans after the battle of Cambrai in November, 1917. For five months it was used as a machine gun post: *then it* was returned to railway service and was recaptured during *the British advance in the final days of the* War, to run the first troop train from Mons *to the German frontier. Decorated with a* plate recording its War service this engine, built 50 years ago, has been employed on freight work until, condemned as obsolete, it was withdrawn from service.

The Structure of Bengal Finances, 1921-1931—III.

By Dr. Basavarsu Ramachandra Rau, M.A., L.T., Ph.D., F.R.E.S. (Lond.),

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It has often been stated that the *per capita* expenditure of Bengal is far lower than that of most other provinces of India and from this set of facts the conclusion is often drawn that no further cuts in expenditure are indeed possible. But when we remember that statistics can be intrepreted anyway we like and as the humourous proverb says "that statistics, lies and damned lies all belong to the same category" every observer ought to be careful in the direction of his study of statistical data and he should be much more careful in the matter of his interpretation of statistical data. Different conclusions can be drawn from the same set of data. One set of figures can be variously interpreted according to the preconceived notions of the observer.

Coming to Bengal's expenditure the following table shows the *per capita* expenditure of the different provinces as given out by Mr. A. E. Gilliat, Finance Member of Burma (p. 445, Vol. XV, *Oral Evidence before the Statutory Commission of* 1930.)

			Rs.
Per capita expenditure in	Burma	..	·9.2
,, ,, ,,	Madras	..	3.7
,, ,, ,,	Bombay	..	10.0
,, ,, ,,	Bengal	..	2.4
,, ,, ,,	the U. P.	..	2.5
,, ,, ,,	the Bihar and Orissa		1.8
,, ,, ,,	the C. P.	..	4.2
,, ,, ,,	Assam	..	3.7

These figures can be made to support the view that no further cutting down of expenditure is needed. The relative expenditure items of the different governments betray the fact that next to Bihar and Orissa Bengal spends the lowest amount on Governmental expenditure (expenses in all directions included). But remembering the fact that if population expands the *per capita* expenditure would indeed decline unless a proportionate expansion of expenditure takes place no useful inference can be drawn from the above table. So if population in Bengal expands at the rate of 10.5 per cent in a decade the expenditure must expand in equal proportion or else the *per capita* expenditure figure would decline. Expenditure cannot expand unless revenue expands in same proportion, all other facts being the same as before. A backward Province with scattered population here and there would show a high *per capita* expenditure. Thus comparisons on this data become entirely ridiculous.

If future constitutional reform is not to be shipwrecked on the hard rock of finance some sort of solution outlined in the succeeding portion of the chapter has to be carried out. The desire to attain maximum of accomplishment in the Development Departments would undoubtedly actuate the Provincial Government to over-tax their capacities.

There is at present a recurring deficit of two crores per annum. The Percy Committee established this fact and pleaded specially for some sort of preferential treatment to Bengal. As a matter of fact this special treatment commenced from the date the deputation from Bengal to the Central Government convinced the Finance Member of the Government of India that exemption from Provincial contribution is virtually needed to enable Bengal to balance its budget. Since then heroic attempts were made to increase taxation revenue and retrench expenditure in a wise manner so as not to gravely diminish the efficiency of the governmental agencies. But the financial situation did not show any marked improvement. Now that a new financial adjustment with increasing revenues is forthcoming within a short period what ought to be the attitude of the Bengal Government towards its expenditure must be briefly indicated. The recent findings of the Swan Committee indicate further scope in several directions. The pruning axe is to be deftly wielded for it opines that additional income from fresh taxation would become impossible in the near future. It would be sheer folly. It means "cutting away the flesh". Without imposing fresh tax burdens more has to be wisely spent in the development departments. A wise arrangement of internal economy and expenditure is needed. All practicable and legitimate reductions in the national expenditure without sacrificing the efficiency of services are needed. Deficit financeering cannot indeed take place for a long time nor is it advisable to finance governmental expenditure of a recurring nature by the floatation of loans. Financial difficulties would be enhanced thereby.

Every observer opines that the Police expenditure needs drastic pruning. No othe,

item has expanded so greatly as Police expenditure. Present political developments might indeed preclude the possibility of retrenching this item. But under provincial autonomy as worked out by Indian ministers responsible to the elected Legislature of the country there will not arise any necessity for this great outlay. It is remedial measures in other directions that are needed. A re-alignment of economic and political policy can check this. Though this is a long-term suggestion as it were, immediate steps are needed in the direction of economy so that the Province might not be faced with a staggering deficit when the regime of Federation would be launched forth.

Trade stagnation, heavy unemployment, falling incomes and prices indicate the grave necessity of retrenchment in the Police expenditure item as well as in all other directions pointed out by the Retrenchment Committees.

Strict supervision and wise economy are needed in the direction of local finance at the same time. Local Government's expenditure means some estimable assets indeed or else an increase in the ratable value of land or local property arises. Some instances of bad management of local finances might be quoted. But with the ardent desire to rapidly level up our civic and country life to that of the progressive Western countries a few miscalculations might have been made as in the case of the Calcutta Corporation. This does not, however, mean that its finances have been *jeopardised by crass financial ignorance.* Its debt might be increasing but this might be a result of past neglect. The making up of heavy arrears in this direction means sometimes disproportionate expenditure. A comparatively heavy sacrifice on the present generation has become inevitable under these conditions. The elected Congress representatives are indeed fully sensible of these suggestions. But they need a more convincing proof of maladministration of finances—a crime which has been fathered on the City Fathers of Calcutta. That the machinery of financial control might be improved is not disputed by anybody. But the actual raising of rates as the critics observe for expenditure on social services by the local Governments has not been done. It might indeed be true that an increase in rates is more justifiable than an increase in taxes. But even rates will not fructify in these days of economic depression.

At the time of the advent of the British Rule things were in a chaotic state and the East India Company recognized that the best way of bringing forth order out of chaos was to centralize power in its own hands. The financial strings were placed tightly in its own hands so that the defects of excessive centralization began to be experienced soon. The Government of India used to dole out enough finances out of the common purse stationed in its hands and each province clamoured to secure large allotments. Lacking local knowledge the Government of India could hardly scrutinise the details furnished by the different provinces. The Province that made much *gusto generally secured greater allotments* than the rest. Hence each Province squandered its resources and cried for more. Finding that the unspent proceeds had to be returned to the Central Government at the end of the year there was no economy exercised by the Provinces. The administrative interference of the Central Government oftentimes proved very irksome.

Finding this position rather intolerable and anxious to confer some amount of responsibility on the different provinces Lord Mayo inaugurated a scheme for the decentralization of finances. He ordained that certain local taxes are to be given to the Provinces and a fixed sum had to be allotted to the Provinces in addition to these taxes. The grants from the Central Government naturally made it the controller of provincial finances and any appointment above the salary of Rs. 250 per month could be made only after securing the sanction of the Central Government. Some *sort of quasi-federal system of administration* ensued and the dim beginnings of financial responsibility arose during this period.

Lord Lytton inaugurated another step in the direction of provincial finances at the sole initiative of Sir John Strachey. Though the Provinces were given certain items of revenue they were saddled with the responsibility of managing certain departments which required growing revenues. As provincial income tended to be inelastic while expenditure was rising a fresh scheme was inaugurated in 1877. From 1867 to 1883 the Provinces secured a share in revenues and this share was to be revised once in every five years in the light of prevailing circumstances. The Provinces were given specified heads of revenue which grow under the fostering supervision and care of the Provincial Governments. Forest, Excise, License tax (now Income-Tax), Stamps and Registration, Provincial rates, Law and Justice, Public Works and Education were delegated to the hands of the Provinces but the task of

adjusting respective revenues to respective needs remained unsatisfactory. As these subjects produced little revenue it had to be supplemented by a portion of the land revenue being given to the Provinces. The Provinces gained full power and control over the provincialized items. Every possible incentive was given for wise administration by the declaration that the Central Government would help provincial finances in the event of famine and the Central Government likewise would encroach on provincial revenues *only* in the event of dire calamities. Out of this arrangement grew the vexed division of revenue heads into Indian, Provincial, and divided. Three-fourths of the revenue of British India became provincialized. Roughly one-fourth of the expenditure was provincialized. These settlements were generally revised once in every five years and such quinquennial settlements existed till 1904 but there was no radical change of principle at any of the succeeding settlements made in 1882, 1887, 1892 and 1897.

In 1904 quasi-permanent settlements were introduced. The revenues assigned to the Provinces became definitely fixed. The Government of India undertook to revise these semi-permanent settlements in the event of great necessity. Thus a substantial and abiding interest was given to the Provinces in the matter of administration of finances. Prior to this date provincial balances which accrued as a result of economy were often annexed by the Central Government on the plea of dire necessity. This policy was given up since 1904. Real incentive for wise economy could now arise as the Provinces could feel that any funds economized would not be confiscated by the Central Government. The scandalous quinquennial controversies which evoked such bitter partisanship were eliminated by this step.

Lord Hardinge made the financial settlements permanent in 1912. A permanent assignment was thought desirable to enable Provinces to husband their resources. A great amount of certainty would ensue as a result of the relaxing of the financial grip of the Central Government over the Provinces in the provincialized financial field. Fixed assignments would lead to greater effort in further developing those resources. Hence important changes were introduced in the following directions. Forest revenue and expenditure were made wholly provincial in all the Provinces. Excise revenue and expenditure were made wholly provincial in Bombay while in the Central Provinces and the United Provinces the provincial share of these heads was increased to three-quarters. Land revenue was made half provincial in the Punjab and Burma. The provincial interests in major irrigation works were made to rise from three-eighths to one-half. The fixed assignments were reduced by the amount which this new classification rendered necessary. The Provinces were not given fresh powers to increase taxation. Nor were they empowered to secure borrowings out of their own accord.

The Montagu-Chelmsford Report recognized that financial devolution did exist to a certain extent and that financial freedom was not conferred on the Provinces. Though the arbitrary allotments of the earlier years did not exist a sort of federalism rapidly grew up in the field of Indian finances. But the salient features of the financial system prior to the inauguration of the Meston Award can be briefly referred to in the following sentences :—The entire revenues were legally held to be one. This indivisibility meant that no Province could be made bankrupt. Any realization of all-India surplus meant the doling out of funds by the Central Government to the needy Provinces. The Central Government had power in the direction of controlling provincial expenditure and according to these rules no fresh appointment could be made without its sanction. In the matter of divided heads of revenue the Central Government had the means to intervene even in actual details. The restricted powers of taxation granted to the Provinces could after all be exercised after securing the necessary sanction of the Secretary of State for India and the Governor-General in Council. By controlling expenditure, taxation and other items, Provincial Governments did not after all secure any real financial freedom. Aiming solely at granting greater initiative to Provinces in the financial field the Montagu-Chelmsford Report outlined some sort of scheme but the Meston Committee was appointed to frame more accurate details. It opined that the Income-tax should be wholly Central. General Stamps were declared provincial. It had to fix the aggregate contribution of all Provinces to the Central Government and determine the individual contributions to the Central Government. Each Province was considered on its own merit and the Meston Committee strove to fix the provincial contributions on the above principle. The following table shows how the initial contributions were to be paid out :—

Name of the Province	*In Lakhs of Rupees.* Increased spending powers under new distribution of revenue	Contributions as recommended by the Committee.
Madras	576	348
Bombay	93	56
Bengal..	104	63
U. P.	397	240
Punjab	289	175
Burma..	246	64
Bihar and Orissa ..	51	..
C. P.	52	22
Assam	42	15
Total ..	1,850	983

But this scheme satisfied nobody. The agricultural provinces like the Punjab secured the entire land revenue and industrial provinces could not secure more revenues as income-tax became a central subject. The vexed anomaly of "divided heads" of revenue was removed but the allocation of provincial contrbutions pleased nobody. Madras had to contribute more under the scheme and this she sarcastically opined was the reward for her past financial prudence.

The Joint Select Parliamentary Committee slightly modified the above scheme and laid down the proposal that provincial contributions should be abolished according to a scheme of priority. Madras, the U. P., the Punjab and Burma were given the order of priority. Bengal, however, established a strong case for remission and obatined it before the other provinces could secure any relief. The matter of abolition of provincial contributions commenced from 1925-26 and the final extinction took place in 1928-29.

It now remains to recognize how far real provincial autonomy at least in the field of finance evolved out of the recommendations of the Montford Report, the Meston Committee and the refinements made by the Joint Select Parliamentary Committee. The vexatious interference of the Secretary of State for India did no doubt exist but it was vastly curtailed. Even the sanctioning of the expenditure of semi-official municipal bodies was formerly done by the Secretary of State for India. Secondly, the elected Legislature secured power in the matter of "voted heads" which could be accepted, curtailed or rejected. Apart from the limitation that they were forced to make contributions over which figure they had no real control there was some amount of responsibility thrust on Provincial legislatures though it was subject to the overriding rights of the Governor who could certify any item as necessary for administrative purposes. The Provinces had full control over provincial revenues, provincial balances, provincial taxation, proceeds and recoveries from loans and the share of income-tax received from the Province. Enhanced powers in the direction of imposing fresh taxation though subject to the Governor-General's sanction was granted. Even the power to raise loans for expenditure on the transferred subjects either inside India or outside India could be done after securing the necessary sanction from the Governor-General and the Secretary of State. The establishment of the Provincial Loans Fund simplified matters in the year 1925. The Provincial Finance Departments did after all gain some semblance of power over other departments in matters of finance. The Famine Relief Fund was administered by it. It had to watch the Provincial balances. Such was the state of Provincial finances when the scheme for Federation was launched forth.

Beyond establishing the wise principles of Federal Finance the Peel Committee appointed by the Second Round Table Conference did nothing in settling the details of Federal finances. It not only insisted on equitable apportionment of burdens but has laid down the salutary doctrine that "the Federal resources should as far as possible be confined to revenues derived alike from the inhabitants of the Provinces and of the States and which can be raised either without any action on the part of the individual states or by an agreement with them of a simple character readily enforceable." The most important corollary from this statement was that indirect taxation was to be a a federal resource. The arrangements of details were left to the Percy and the Davidson Committees.

The Peel Committee classified the following items of revenue as Central or Federal: External Customs, including export duties, Salt, Opium, Excise on articles on which Customs Duties are imposed (with the exception of excises on Alcohol, Narcotics, Drugs), receipts from Federal railways, Federal posts and telegraphs and other Federal commercial undertakings, Profits of Federal currency, Corporation tax, Contributions from Provinces and contributions from States.

The Provincial items of revenue are Land Revenue, Excises on Alcohol, Naroctics and Drugs, Stamps (with the possible exception of Commercial Stamps), Forests, Provincial Commercial undertakings, Succession duties,

if any, terminal taxes and the first seven taxes in the present schedule to the scheduled taxes rules.

Were any deficit to arise it has to be recouped by Provincial contributions based on respective revenues or of population or according to some other defined method. The *details are to be settled by the expert* committee—namely the Percy Committee. The Percy Committee calculated the details of financial division. Granting Customs, Salt, Opium, Railways, Currency and the Mint, Miscellaneous, State contributions and Income-taxes, etc, it arrived at the calculation that the Federal revenue would amount to 8,660 lakhs. The expenditure was estimated at 8,010 lakhs and related mainly to Debt services, Posts and Telegraphs, Military Budget, Civil Administration, Pensions, Subvention to N. W. F. Province, Civil works and Chief Commissioners provinces and Central areas.

Finding that this division would land the Provinces into serious budgetary difficulties an ingenious division of Income-tax item already referred to elsewhere was resorted to. The contributions from the Provinces were fixed according to the Province's share of the income-tax thus rejecting the bases suggested by the Peel Committee.

The Third Round Table Conference suggested the levying of a Central Excise on Jute but the White Paper recommended that the Federal Government should cede half of the export duty on Jute. The White Paper of His Majesty's Government should however be studied in view of the excessive importance *attached to its suggestions by the* members of the Joint Select Parliamentary Committee. It suggests that certain revenues should be declared wholly provincial. Of these different items the most important are Land Revenue, Excise duties on Alcohol, Drugs and Narcotics, Stamps, Forests and other Provincial undertakings. Miscellaneous sources of revenue at present enjoyed by the Provinces. The Federal sources of revenue are Import Duties (except on Salt), Railway receipts, Coinage profits, share in profits of Reserve Bank, Export duties, Salt duties, Tobacco, Excise and other Excise duties (except those on Narcotics), terminal taxes on goods and passengers and *certain stamp* duties are wholly provincial items but the Federation may levy a surcharge for its own use.

While powers of legislation on these ... are subject to Federal legislative authority alone, the possibility of assigning a share to units exists in the case of export duties, salt duties, tobacco, excise and other excise duties.

Recognizing full well that the Indian Federation might not have full financial ability to discharge its functions it suggests the alteration of the above scheme. Income-tax is mainly to be the sole divided head in the near future. While Corporation tax will be entirely Federal. Native States joining the Federation will have to cede this tax after a period of ten years. Personal income-tax and surcharges on personal income-tax will be wholly provincial items of revenue. The Provincial surcharges on personal income-tax will be subject to a maximum of twelve and a half per cent of the existing rates imposed in September 1931. A "block amount" of the Provincial share of income-tax might be annexed by the Federal Government in case of inadequacy of revenue resources but *during the period of transition which might* extend to ten years the "block amount" out of Provincial share of income-tax would be annexed by the Federal Government.

Subventions to deficit Provinces like Sind and Orissa and the North-West Frontier Province will have to be made by the Federal Government for a period. The Orders in Council will determine the period and portion of the Federal share in provincial income-tax to meet its own budget.

The brief historical evolution leads to one conclusion. There would be temptation to hold leading strings in the hands of the Federal Government—the successor to the present *Central Government of India. This* might lead to some kind of control in Provincial matters. The relationship that exists in the Commonwealth of Australia cannot be created in our Indian Federation. There the States enjoy full autonomy. The ideal evolution of Federal Government in the country should be on the model of the Commonwealth of Australia. There might be certain common subjects, subject to control and legislation by both the Governements. But in all exclusively Provincial matters the Provinces ought to have the final say. It might be that in course of time we will find the Federal Government encroaching on the States' auto*nomy as in the case of Australia during recent* years. Exclusive Provincial autonomy is not after all an unmixed blessing. The Central Government must be the fountainhead of all residuary power. A complete and stable Federation would require this ...

The Economic Condition and Tuberculosis.

By B. Jayaram Naidu, M.B.B.S., L.R.C.P. & S. (Edin.), I.D.D. (Wales),

Medical Officer, Princess Krishnarajammanni Sanatorium, Mysore.

Tuberculosis, or as it is popularly known, consumption is not a new disease. It has been with us for ages making its inroads into the very vitals of society. There are some countries where this disease has been controlled to such an extent that the number of deaths annually from this is reduced to half or even one-third while there are some other countries where the death-rate is going very high. The causes for this change in the death-rate are many and I should like to tell you something about this.

It is generally accepted by the scientific *Medical* World that the cause of Tuberculosis is a small germ which measures about $\frac{1}{10}$th of an inch when magnified about 1000 times. A *well-known truth is that life comes from life*, and the tubercle bacillus is a living organism. One bacillus given favourable conditions will multiply into thousands in the course of a few days. Whatever may be the way in which this organism came into existence here we are with this bacillus in plenty in our midst.

Next let us look at a Tuberculosis patient. Whenever he coughs, he brings up some phlegm. It has been estimated that the number of bacilli discharged daily in the sputum of a single patient with advanced tuberculosis is as great as the number of human beings on this earth. The modest estimate mentioned by Cornet is about 7,200,000,000. If we imagine each organism placed end to end in a single file this number would constitute a chain not less than 12 miles in length. If this is the state of affairs when we have only one patient you can imagine what it will be when we have hundreds of patients suffering from this disease in our society. Just like any other disease caused by micro-organisms this disease spreads from person to person by the germs getting into the systems of the person. If there is one Tuberculous person in a household he is a potential source of danger to the other members of the house. Every time a patient coughs the expired air is surcharged with droplets of water vapour and tubercle bacilli are carried in these droplets. It has been experimentally proved that these droplets do not proceed more than 2 feet distant from the patient and immediately they settle down in the atmosphere about a couple of feet from the ground. The danger to other adults is only when persons are too near a patient and to children in the same room in general.

Another point to be borne in mind is that the tubercle bacilli are destroyed very soon in open grounds by sun-light. But they live for days if not months and years in ill-ventilated and dark rooms.

From the above facts we conclude that the disease is propagated from person to person, and children are more susceptible to this than grown-ups. We must find ways and means to combat this disease. This can be done in two ways. First by finding out all open cases of tuberculosis and isolating them for treatment and further care, thus *remove the source of infection and secondly* by adopting measures to prevent the infection to others. We must have a number of *dispensaries to diagnose this disease and* hospitals and sanatoria to treat the same and at the same time an organization for doing propaganda work in the society. Thus it is as much a duty of the Government as that of the public and a co-operation of these two will help to minimise the ravages of this disease.

I will just say a few words about the anti-tuberculosis campaign of the Red Cross Society of Mysore. Take for instance a patient who has been diagnosed as suffering from tuberculosis in the Tuberculosis Dispensary. The address of this patient is taken. The health nurse appointed by this society visits this house and notes down on a special card the names, sex and ages of the inmates of the house, their general condition as regards their health, the housing condition, etc. The Doctor attached to the Red Cross Society visits the house and examines all the inmates and gives injection of tuberculin to find out how many of these are infected. Those whom he suspects to be suffering from Tuberculosis or whose general health is below par he advises them to go to the Dispensary for further investigation. He advises the patient to go to the Sanatorium or hospital or treats him at home till such time as he is admitted into the Sanatorium. He looks *to the disposal of the sputum.* The children who are infected are treated in the Preventoria. Here children are given graduated sun-light exposures and *Cod Liver Oil. There is no* fear of the disease spreading from one to

another child. If at all the children predisposed to or suffering from early tuberculosis are treated, one may be able to avert a serious disease at a later age. It is a generally accepted truth that all infection or at any rate majority of infection occur during childhood and some of them develop disease even then but in a good proportion this infection *lies dormant and shows itself up during* adolescence, and adultage, when this disease is a little more difficult to tackle, and at the same time the cost of treatment is enormous. Under these circumstances prevention is better than cure. So the problem will be solved to a great extent by taking care of the children and other contacts. *Here it is that the co-operation of the general public with the State* Authorities is needed.

In most of the Western countries Tuberculosis is made a notifiable disease. There are laws and regulations making it imperative *on the Physician to report these cases of* Tuberculosis and the people of the house are held responsible. Unless such regulations are passed we may not be able to get at all the cases. It has been said and proved statistically that Tuberculosis is a house disease. Once there is a consumtive patient in a house we find so many others suffering from this disease and a good many will have died of it. Such legislation will certainly be a step forward in fighting this disease.

If one likes to verify this, one has just to see some of the statistics maintained in *other countries. It is found out that* for every death in tuberculosis there are at least ten persons suffering from Tuberculosis. The Mortality Report in Mysore City shows 278 dying of Tuberculosis of lungs. I think this figure may not be quite correct as a number of cases are missed. Still at the lowest computation there may be 2,780 persons actually suffering from Tuberculosis and every one of these will be spreading the seeds of the disease unwittingly. Is it not our first duty to protect the general public from this disease? This can ouly be achieved by *finding out these cases. I lay stress on the* words 'finding out' because good many of these may not know that they are suffering from this disease and the only way in which we can find out these cases is by going to the households which have reported deaths from this disease or are harbouring patients, and examining all the contacts—children and adults. Once we find out these cases they must be isolated either by sending them advice so that they can be isolated in their own homes without any danger to the other inmates.

Next arises the question what are we going to do with the contacts. They will be on our lists and examined now and then and the earliest opportunity is taken to see if any disease develops so that they may be treated *early. The children have got to be cared* for. "How long should you follow up a child who has a minimal healed lesion?" an experienced tuberculosis worker was asked. "Until he dies of old age" was the reply. One other said that the children with disease of a latent type should be followed up until 25 aud not let entirely out of observation even after that.

Another problem facing us is industrialization of our towns and cities. It has been found that people in towns and big cities are generally infected with Tuberculosis germs *and a certain percentage of these suffer from* the disease in all its manifestations. Further the type of the disease is of a more chronic nature. There is another type of disease which is called acute. This is generally found in young children, and such adults as were free from this infection till a late age and then get this infection in massive doses giving rise to an acute type of disease. The result of treatment in the latter cases are not very promising. One other fact is that the people in villages and smaller towns are free from infection. It is these people *who migrate into big cities for different kinds* of labour. While working in factories or carrying on other trades they may come in contact with some person suffering from open type of tuberculosis. These persons live in very insanitary surroundings and in houses with insufficient accommodation. Naturally there is much over-crowding. In addition, the food is a great factor in determining the onset of Tuberculosis. Poor food, insufficient in principal nutritive elements, lowers the resistance of the individuals. Thus a person poor in vitality and resistive *power, falls an easy prey to this disease.* It is evident from the above that great care has to be taken with regard to housing and labour question.

I consider that Tuberculosis is a problem to be viewed from economic condition of the people. One of the causes for the diminution in the mortality rate of the United States of America is mainly on account of the raising of the general standard of living and higher

I have detailed to you the work that is before the Tuberculosis section of the Red Cross Association of Mysore City. Such activities must be undertaken in all the cities and towns and their work must be co-ordinated.

There is another point I would like to mention here. Considering the number of patients that one expects in these cities it is surprising that enough facilities are not at hand to give them adequate treatment. This is only possible if accommodation is increased in the Sanatorium and at the same time have a number of Sanatoria at different centres. At present every Sanatorium has a big waiting list for the free wards. The rich people will pay and get treated at one place or other. But it is the general public who have to be cared for. We will be achieving two objects by increasing the number of Sanatoria. First and foremost we will be doing our duty to the poor wage-earners and next and equally important we will be isolating the Tuberculous patient and thus minimise the extent of infection and disease in the rest of the society. One worker in Tuberculosis mentioned that instead of a patient waiting for a bed in the Sanatorium, a bed has to wait for a patient. We must take the earliest opportunity to get the patient under discipline and treatment.

Tuberculosis is not an incurable disease as is the popular opinion. It is a much more curable disease than any other. But the patient must come in time. If it is too late nothing can be done.

Lastly, I would like to impress on you the necessity for your co-operation. A stitch in time saves nine. When the Tuberculosis Doctor comes to your house for investigation give him all facilities. He may be able to diagnose the disease in one or more of the family where we were confident there was none at all. Rich and poor are affected alike but it may be a question of degree.

[The following description of the *Tuberculosis Association Conference* held in Montreal, sent by our Canadian Correspondent, will, we think, be read with interest in this connection by our readers :—A luncheon was given on June 23rd by the Montreal Branch to Sir Humphry D. Rolleston, former Physician-in-Ordinary to the King, and Professor S. Lyle Cummins, who were *en route* to the Tuberculosis Association Conference in Toronto. Sir Humphry said that science and medicine knew no geographical limits, and he asserted with confidence that there was no Dominion that had done so much to advance medicine as Canada. He spoke of the work of Sir William Oslar, who had left behind him an inspiration of renewed hope and improved health, and although he had been dead narly 14 years, his memory would always remain as something they could value. Professor Adami was another who had brought honour to McGill University and had done great work for the advancement of medical science, while Professors Banting and Best and those associated with them had prolonged the lives of innumerable people, and removed from the lives of young children the terrible tragedy and dread of diabetes. Prof. Cummins said that his contact with the Canadian troops in France had made him anxious to accept every invitation to Canada with avidity, and he told several stories of the work done by Canadians in the laboratory field indicative of their resourcefulness. Dr. R. E. Wodehouse, of Ottawa, who conducted the tour of the British physicians, paid a tribute to the generosity of Mr. and Mrs. Macaulay which had enabled some 35 doctors to study Tuberculosis in Eurpoe. Sir Henry Gray, who presided, asked the two distinguished visitors to speak briefly on Tuberculosis, and Sir Humphry Rolleston proceeded to give an interesting resume of the progress made in this particular field, emphasizing that prevention of the disease was the most important branch of it. He said they looked forward to the time when there would be no more pain and when the public health authorities would have so advanced that disease would be prevented. Regarding Tuberculosis, he said the old idea of keeping people in warm atmosphere, without any exposure to fresh air, had given way to treatment through fresh air and good nourishing food, and this idea, although at first bitterly opposed by those who favoured blood-letting and low diet, had eventually been developed by other countries. Prof. Cummins showed how rest had been added to fresh air and good food as the best treatment for tubercular cases. The co-ordinated efforts that were being made between physicians and surgeons of one country and another were of prime importance, and were bound to be of general benefit to humanity. He also paid tribute to the help that Mr. Macaulay had given in bringing about the interchange of ideas and methods between countries.—Ed., *M.E.J.*]

All great discoveries are made by men whose feelings run ahead of their thinkings.—

C. H. Parkhurst.

Canadian Trade and Finance.

Position of World Trade.

Montreal, August 29, 1933.—Increased tariffs, exchange restrictions, import quotas and embargoes have choked the channels of world trade. They have been no less effective in reducing exports than in shutting off imports. It was obviously impossible that all countries could simultaneously develop favourable balances of trade. The impossibility of this objective was accentuated by the need of the debtor countries to pay their debts in goods Creditor countries have not willingly permitted their balances of trade to become unfavourable, which is but another way of saying that there are no countries who are willing to receive payments on the amounts due them. Governments subjected to increased expenditure by the extraordinary demands of the depression and deprived of normal income from tariffs and internal taxation have resorted to revaluations of money, moratoria or refunding of debt at lower interest rates, measures tantamount to levies on capital. These have been phenomena experienced throughout the world.

In the countries of Latin America the repercussions of the depression have been peculiarly severe, since these countries were disproportionately dependent upon the proceeds of the sale of their raw materials in foreign markets. They have been unable to resort to foreign money markets and their own financial resources have been inadequate to meet the extraordinary demands of the depression. On the whole, however, the measures which have been taken to meet the depression in Latin American countries do not differ greatly from those which have been put in force in other parts of the world. It is true that Latin America is getting along with a smaller amount of manufactured goods from abroad, that these countries are learning to supply a larger part of their own requirements, but the policies which have made this possible are regarded as emeregency measures. In the future it will be the standard of living in the manufacturing countries that will suffer if the countries of Latin America are forced into a permanent policy of self-sufficiency.

Between 1913 and 1929 the exports of the Latin American countries mentioned in the following table rose from $ 1,417,087,000 to $ 2,548,400,000. In 1932 they fell to $ 890,182,000. In considering this rapid rise and fall in annual income it becomes evident that no human wisdom could have foreseen such severe curtailment nor could governments have budgeted in such a manner as to be fully prepored to meet the conditions which they have encountered. Since revenue from exports constitutes a far larger proportion of the total income of Latin American countries than it does of the income of manufacturing countries, the relationship of this table to the problem of South American debt is self-evident.

EXPORTS OF LATIN AMERICAN COUNTRIES.

(Thousands of Dollars.)

	1913	1924	1929	1932
Argentina ..	510,278	794,461	912,186	330,984
Brazil	318,091	422,672	450,022	180,615
Chile	149,044	219,533	279,146	27,720
Colombia ..	33,162	70,615	123,170	67,045
Cuba	164,070	434,069	272,440	61,300
Mexico ..	127,401	299,094	285,423	157,006
Peru	43,244	101,713	134,033	38,098
Uruguay ..	71,797	88,966	91,980	27,414

Debts upon which interest and payments on principal could be met with ease between 1924 and 1928, have become unbearable burdens in 1932 and 1933. Before the rest of the world can expect liquidation of this indebtedness it must make provision to accept goods in payment, at prices which bear some reasonable relationship to those existing at the time when the debts were incurred. In the countries of Latin America the world's demand for goods and world price level are matters of supreme importance. It has been through no lack of effort or goodwill on their part that the debts are in default. There is no gold with which to pay, but Latin American countries stand ready and eager to resume debt payments, to re-establish their good name as debtors and to purchase increasing quantities of foreign manufactured goods when world markets have been opened to their raw materials.

The table shows that the countries mentioned received revenue from abroad in 1929 amounting to more than two billion dollars. It was this amount which was available for interest and capital payments and for the purchase of foreign commodities. In 1932 their foreign obligations were almost as large as they were in 1929 but their revenue from abroad with which to purchase sorely needed

commodities and to make payment on these debts had shrunk by 75 per cent. Just as the farmer and the miner of coal and base metals in Canada have suffered more acutely than other producers from declines in prices, so those countries which are most largely dependent upon the production of raw materials have met the greatest difficulties as a result of the depression.

In the table shown in this letter, the year 1913 was chosen as typical of Latin American exports and imports during the pre-war period, 1924 to represent a year of reasonable normality at post-war prices, and 1929 as the year when the greatest volume of goods was exported from Latin America. While a reasonably large proportion of the decline between 1929 and 1932 was due to the fall in prices, the great bulk of this decrease in exports was due to reduced world purchasing power and the resultant decline in demand for Latin American products.

To the individual country in Latin America the decline in foreign demand for those products in the production of which a large proportion of their population is engaged, has been a tragedy. From Argentina, the most advanced industrial country, 50 per cent of her wheat is exported, 73 per cent of her flax seed, 86 per cent of her wool, 86 per cent of her rye and approximately 100 per cent of her maize. From Bolivia is exported virtually all of her tin, from Chile all her nitrate and copper, from Mexico all her lead and 95 per cent of her zinc and antimony, and from Peru all her cotton and copper. These statistics from a recent report of the Pan-American Union also indicate that 70 per cent or more of all the coffee produced in Brazil, Ecuador and Venezuela is exported and more than 90 per cent of that from Colombia as well as virtually all the coffee produced in Costa Rica. Yet in spite of difficulties which cannot possibly be fully overcome, Latin America is attempting to rehabilitate her credit standing. Her governments have negotiated funding agreements and have released a large volume of exchange for the payments on debts due abroad. A study of the following balance of payments as estimated by the Committee on Latin American Relations shows that distinct progress was achieved in 1932. In spite of immense difficulties her exports were more than $ 550,000,000 in excess of merchandise imports in that year and the total not required for immediate payments has been devoted to the payment of banking loans and other debts abroad.

Credits.

	$
Merchandise and gold credit	550,000,000
Tourist expenditures	100,000,000
Financial	75,000,000
Miscellaneous	50,000,000

Debits.

	$
Freights and insurance	60,000,000
Tourist expenditures	30,000,000
Returns on investments	240,000,000
Foreign loans repaid	75,000,000
Bank credit liquidated	60,000,000
Bootleg exchange	50,000,000
Political transfers and flight of capital	75,000,000
Immigrants' remittances	15,000,000
Foreign residents' remittances ..	20,000,000
War munitions	30,000,000
Other	120,000,000

Latin American countries have need of vast quantities of manufactured goods from abroad. The total imports of those countries mentioned in the table above rose from $ 1,264,203,000 in 1913 to $ 2,110,035,000 in 1929, and have since fallen to $ 522,322,000. It will stand the manufacturing countries in good stated to stretch every possible resource to assist Latin America to re-establish her world trade, since Latin America constitutes a most important market for the surplus goods from manufacturing countries. Latin American countries are doing without goods much needed from abroad, they are becoming more self-sufficient, manufacturing more and more of their requirements within their own borders.

Latin America may be making a valiant effort to achieve the impossible. The new tariffs, funding arrangements and the release of blocked deposits are after all only palliatives. There can be no normal balance of payments, no final liquidation of debt until opportunities have been opened up for these countries to dispose of their surplus production at prices which will permit resumption of payments, restoration of credit and resumption of purchases abroad. This is one of the tasks left untouched by the World Economic Conference. The failure to meet this situation at that conference leaves it as a major problem which demands a fundamental solution before the world can hope for general international prosperity.

Canadian Building Industry.

If it is fair to judge by the statistics of the first seven months of the year, it seems probable that the value of the construction contracts awarded in Canada during 1933 will be smaller than in any year for which there

are statistical records, and these records go back to 1911. In 1932 the total value of the contracts awarded amounted to $ 132 million and this year it does not seem probable that the total will exceed $ 70 million. These totals may be compared with the average value of building contracts from 1924 to 1928, which amounted to $ 384 million, or with the average for 1911 to 1929, which amounted to $ 292 million. From the study which follows it seems evident that in spite of the apparent surplus of residential space in most Canadian cities, at the present moment a latent shortage of considerable magnitude is accumulating. Moreover, renewed expansion of industrial activity will lead to demand for types of factories and utility development dependent upon the industries which participate most actively in that expansion. This view is in direct contrast with the opinion that Canadian cities are overbuilt and that a *long period of building retrenchment* lies ahead. The mistake of being too pessimistic as to the future, during a depression, is almost as common as that of being over-optimistic during a boom.

The first of three charts prepared by the statesmen of the Royal Bank of Canada shows the value of building contracts awarded in Canada in the years since 1910. Unfortunately, there are no reliable statistics which go back to earlier years. This chart was based on statistics compiled by McLean Building Reports. The Secondary line in the chart was compiled on a basis of the volume of building in terms of the 1913 dollar, 50 per cent weight being given to the index of wages and 50 per cent to building materials. To view these statistics throughout in terms of 1913 dollars gives a much clearer picture of the relative volume of building year by year than would be obtained by a study of the gross figures.

The chart takes up the story of construction in Canada during the great period of building in 1911 to 1913. At that time the Grand Trunk Pacific was being completed. Expansion of activity was general throughout industry and trade and immigrants were coming to Canada in great numbers. While separate statistics of residential and business building are not available for this early period, the fact that building permits in the 35 cities for which the Dominion Bureau of Statistics keeps records were at a high level only exceeded in 1928 and 1929, would seem to indicate that all types of building activity were at a peak. In fact, when due weight is given to the greater value of the dolla in 1911 to 1913 it becomes clear that the annual volume of construction at that tim was much greater than during the boom perio of 1929. The chart also indicates the valu of the contracts awarded in the subsequent years, making approximate allowance for the rise and fall of wages and cost of building materials. It is notable that the lines comparing gross value of construction and value of construction in terms of 1913 dollars are closer together in 1932 than in many years. The unit cost of construction is low. This should be given due consideration in making estimates of probable volume of future building activity.

During the war years, the volume of building in Canada was kept at very low levels. For four years the total value of building contracts awarded amounted to less than $ 100 million a year. Under the boom conditions *of 1925 to 1929 the volume of building in*creased rapidly. Among the contracts of this period would be found those representing the growth of the paper and power industries.

Population is increasing steadily and the upward trend in Canadian cities is pearticularly clear. For the last sixteen years the average annual value of the contracts awarded for residential building has amounted to approximately $ 82 million a year. Even in 1931, the second year of the depression, the value of these types of contracts awarded exceeded $ 81 million. In 1932 this had fallen to $ 29 million, and for the current year it does not seem probable that it will exceed $ 20 million. With no allowance whatever for increased population it seems that a residence shortage is accumulating at a rate in excess of $ 50 million a year.

It is clear that many residences, apartments and flats are still in use that would be torn down and replaced under more normal conditions. When income has been reduced and wages are declining there is a strong tendency for many people to live with relatives. It is almost impossible to estimate the extent of over-crowding among wage-earners and the unemployed during a depression. Some indication of the extent of this phenomena may be obtained from the rapid increase in demand for residential space during a period of recovery.

While there are vacancies in many offices and stores in the cities, a large number of firms are occupying less space than they expect to use under normal conditions, and for the present at least, there are a good

many firms who are willing to put up with old and inefficient buildings rather than to increase their rents by moving to adequate offices at a time when earnings are below normal.

The two other charts show the value of residential and business building contracts awarded annually from 1918 to 1932 with a very tentative estimate for 1933. It will be noted that in 1927, 1928 and 1929 residential building greatly exceeded the average, but that the excessive decline of the last two years has offset most of whatever surplus was then established. The force of this last statement is increased if it is remembered that from 1922 to 1924 there was also a depression and that at least part of the excess building during the boom period was for the purpose of offsetting the residential shortage which was the aftermath of the war and of the post-war depression.

If the high prices prevailing between 1918 and 1921 are taken into consideration it is clear that the volume of building remained at low levels from 1915 through 1921. The years 1922 to 1924 constituted what is recognized as the first post-war depression. Yet even in those years Canadian building contracts amounted to almost $ 200 million per year, in terms of the 1913 dollar. Even if one accepts the average amount of building between 1922 and 1926 as representative of Canadian annual building requirements, the resulting average will be in excess of 200 million 1913 dollars per year. The overbuilding between 1927 and 1930 cannot have done much more than to offset the long lull between 1915 and 1921. The total building shortage now accumulating must amount to at least $ 100 million a year and may amount to as much as $ 150 million. The trend of expansion in Canada is strong. It will re-assert itself as soon as recovery is well under way. The present period of temporary quiescence must soon be offset by increased activity.

Economics in the West.

Fruits of the World Conference.

London, 31st September 1933.—Some people are never so happy as when they have, or think they have, more than sufficient cause for being thoroughly depressed. It is not surprising, therefore, that the adjournment of the World Conference has been widely interpreted as the last stage of a mistakenly conceived project. Yet it needs but little reflection to lead to the conclusion that the Conference yielded valuable results, not merely of a more subtle sort, but positive in their contribution to world recovery and the avoidance of recurrent collapse. We do not propose to enlarge upon the benefits which must follow from the simple fact that delegates of almost all peoples under the sun have met together in one place for free exchange of views on economic matters touching intimately upon the lives of every one. Nor do we intend to examine the progress in thought and agreement embodied in various resolutions, except to remark that the sub-committee dealing with technical monetary problems laid down some useful principles, marking an advance on previous international declarations.

On the face of things—and this is where the pessimists pin their case—the output in the form of definite agreements was meagre, though by no means confined to results achieved within the strict constitutional framework of the Conference. Yet the mere fact that agreement was found possible at all, even though its combined area be small, is an indication of possibilities of much wider scope in time to come. We have yet to enumerate, however, what is in our judgment by far the weightiest result of the Conference—we refer to the clarification of monetary affairs, which could hardly have been achieved outside the technique and circumstances of a world concourse. In a sense this clarification is the fruit of wide-spread disappointment, for to many people the negotiations concerning immediate monetary measures, which are often described as having "wrecked" the Conference, provided the one hope of solid accomplishment. With that hope extinguished all hope perished in their breasts.

Attempts at Monetary Agreement.

Let us relate briefly the course of events in this direction. At the opening stage of the Conference, though outside its own programme, representatives of Treasuries and central banks of leading countries—leading, that is, in the monetary sense—met in an attempt to formulate an agreement or understanding, parallel to the "tariff truce", designed to

secure stability of exchange rates at least during the life of the Conference. No official statements were issued, so that details of the negotations and tentative results are not available: but it appears that a measure of practical agreement was reached, the parties being France, Great Britain and the United States, the three corners of the monetary triangle. The agreement never went into operation, however, owing to the refusal of President Roosevelt to give it his approval.

An attempt was next made to secure a more general joint statement of aims, in the forefront of which was an expression of determination to uphold or restore the gold standard, and in the meantime actively to combat foreign exchange speculation. The text of this proposed declaration has been published, and reveals a skilful attempt to achieve unanimity of aim without any serious commitment as to method. This proposal too was rejected by President Roosevelt, who made perfectly clear—far clearer than the language of customary diplomacy would have made it—his theatrical attitude to the subject of monetray stability. In a word, he was simply not interested in measures which he considered irrelevant to the immediate situation. Afterwards, as a last resort, the gold standard countries, in default of more general agreement, issued a statement expressing their solidarity in determination to maintain their monetary position. Later still, at the conclusion of the Conference, the delegations from Great Britain, all but one of the Dominions, and India were parties to a statement of monetary policy as to which we shall have more to say in a moment.

Now wherein lay the fruits of dissension? In a word, they lay in two simple facts: first, that the proposed declarations would have tied the world to the wrong end of the stick; and secondly, that they drew from President Roosevelt a clear indication that he at least was for seizing the right end. Many people the world over, perhaps even yet the majority, are still obsessed by the international aspect of "monetary stability"—stability, that is, of exchange rates: whereas at the present stage of the world crisis the vital need is for much greater attention to the evils flowing from consistent ignoring of stability in terms of purchasing power over commodities. Thus the Conference led to a more balanced estimation of the importance of the two aspects of monetary stability; namely, the internal value or purchasing power of a monetary unit in the country where it is current, and its external or exchange value in terms of the monetary units of other countries. Parenthetically we may observe that there is no necessary conflict between the two; there is no good reason why in any but the most disturbed conditions stability of the internal and external values of a currency should not be preserved together. The danger arises from undue concern with one at a time when circumstances demand much larger concern with the other.

Clarification of Policies.

The result of the events thus briefly related was to produce a much clearer alignment and definition of monetary policies than existed prior to the Conference. If the Conference had yielded nothing else, the psychological and practical benefits of this result far surpass its cost, in time, money and energy. On the one side it became clear that Belgium, France, Holland, Italy, Poland and Switzerland were determined to maintain, co-operatively, if necessary, the parities of their currencies with gold, wherever gold might lead. At the opposite extreme, it could not have been more definitely laid down that the United States had embarked on a policy designed to regulate the internal value of its currency, no matter to what extent the pursuit of that policy might alter, in the short or long run, the external value of the dollar, whether measured in terms of gold or non-gold currencies. Between these two extremes lay Britain's policy, suspended for the time being like Mahomet's coffin. Britain's monetary policy since September 1931 has never been crystal clear, but much uncertainty was removed, particularly as to emphasis by the issue, on the adjournment of the Conference, of a statement signed by fully accredited representatives of the Governments of Great Britain, Canada, Australia, New Zealand, South Africa and India. The Irish Free State's representative withheld his signature for reference to his Government.

The importance of this statement lies not alone in its terms, but also in the list of parties. A year ago it would have been almost unthinkable that Canada, with its close community of interest with its southern neighbour, should have participated with her Imperial colleagues in any such joint expression of policy. The Ottawa Conference of 1932 and its practical results, the opportunities for further discussion and better understanding provided by the World Conference, the suspension of the gold standard in the United States, and

arrangements for the re-entry of Canada into the London capital market, all contributed to this outstanding decision. Again, it would not have been expected a year ago that South Africa would have joined in a declaration which made sterling, rather than gold, the true centrepiece of a solid monetary structure. South Africa's defection from the gold standard, in December 1932, was the principal cause of this further contribution towards solidarity. Thus we have the remarkable spectacle of a group of countries including the world's two leading producers of gold, the principal world market for gold, and the largest non-monetary holder of gold voluntarily committed to a policy which places gold in a position subordinate to monetary management.

The Imperial Declaration.

For what did the statement say? It took as its starting point the discussions at the Ottawa Conference, where it will be recalled, a somewhat nebulous statement of monetary policy was agreed upon. The new statement recorded that since Ottawa "the policy of the British Commonwealth has been directed to raising prices" of commodities, and that this policy had met with "an encouraging measure of success", largely due to cheap and plentiful money. The delegates then expressed their view that a continued rise in commodity prices was most to be desired, up to a level which would "restore the normal activity of industry and employment, ensure an economic return to the producer of primary commodities, and harmonize the burden of debts and fixed charges with economic capacity." To this end active steps should be taken by the various Governments, though the question of undertaking larger "Government programmes of capital outlay" was left open to each of the parties to decide in the light of its own experience and conditions.

Thus the emphasis was placed unmistakably upon the necessity of reducing the internal purchasing power of the Empire currency units. The importance of this emphasis lies in the fact that only secondarily, and as a step naturally succeeding the fulfilment of this condition, did the statement assert the desirability of re-establishing an international monetary standard, which, moreover, must be deliberately managed to secure the smooth working of international trade and finance. More specifically, the secondary aim is the "restoration of a satisfactory international gold standard under which international co-operation would be secured and maintained with a view to avoiding, so far as may be found practicable, undue fluctuations in the purchasing power of gold." Meanwhile the signatories recognized the advantages of achieving stability in exchange rates between the various currencies of the Empire. They expressed the view that this task would be rendered easier by agreement on a common policy of raising commodity prices, and by the fact that the British Government "has no commitments to other countries as regards the future management of sterling and retains complete freedom of action in this respect." An implicit invitation was given to other countries to fall in with this general policy.

What a reversal is here of long-accepted views of monetary stability! Hitherto a "sound" or stable currency has been conceived as one that enjoys, through adherence to gold, stability of value in terms of other currencies. The first principle of monetary policy—the fulfilment of this supposedly indispensable virtue—has been relegated, after a long unchallenged reign to second place. Instead we now have it laid down that monetary management should be directed first and foremost to the attainment and preservation of stability of the currency unit in terms of purchasing power over commodities.

For this reason alone the importance of the statement is difficult to exaggerate. It puts the internal purchasing power of a currency —not temporarily but permanently—in a position superior to that of external stability. It puts gold in a subsidiary place, in which, under deliberate management, gold provides a "standard" only by compliment and plays the subordinate part of an aid and guide in monetary affairs, rather than a controller. The tone of the statement betrays confidence in the capacity to control by monetary and economic measures the purchasing power of money over commodities. True, it might have been more specific on the subject of means, and it in no way helps towards clarifying the British Government's policy in the matter of capital expenditure—but this deficiency could hardly be avoided in face of the differing financial positions of the various Governments. As a statement of general policy and aim, however, it is as definite as it very well could be.

The alignment of monetary forces has thus become clearer than ever before. The United States is committed to a price level policy by means which are bold, unorthodox and confessedly experimental. The gold standard

countries are committed to maintenance of the gold standard in its truest sense, with gold in its old position of monetary controller. The British Commonwealth occupies a position between the two, but much nearer the first than the second, placing price level in the premier position, though aiming at fulfilment of its policy by less radical measures than in the United States. What, then, is the weight of these various policies? A few months ago we wrote that the dollar had taken the centre of the stage in monetary affairs, but to-day, as a result of the Imperial declaration, it seems likely that sterling has again become the most powerful force in determining the trend of commodity values in the world as a whole.

It is difficult to measure even approximately—impossible accurately—the relative force of sterling, the dollar and the gold currencies, but figures of international trade and population, for all their limitations, tell us something—international trade because it is through this interchange of goods that trends of price levels are communicated from one monetary area to another: population because international trade proportions probably under-estimate the proportions of all kinds of trade transacted by some countries, like the United States, and over-estimate it for some others, like New Zealand. For what they are worth, however, here are rough estimates. Based upon statistics for 1932, it would seem that about one-quarter of the world's international trade is transacted by countries still truly attached to gold; one-third by those adhering to sterling; and one-eighth by those associated with the United States dollar. The first group of countries contain a population of less than 300 millions, the second of more than 500 millions, and the third of about 150 millions. When allowance is made for the dominance of London as a financial centre, notwithstanding our departure from gold, and the importance of English markets in dealing with many of the world's staple commodities, the conclusion is obvious as regards international trade.

When we attempt to measure the relative importance of currency policies, however, the internal effects must also be taken into account, for even an isolated rise of commodity prices, confined within the boundaries of a single country, may ultimately have important results outside its own geographical limits. In this respect the United States, having regard to the vast, disproportionate buying power of its 120 millions of people, probably surpasses in weight the whole of the area adhering to sterling. We may say, then, that the trend of the internal purchasing powers of the dollar and the pound are probably of roughly equal force, reckoning both their direct and indirect effects, in determining the course of business conditions throughout the world.

The Next Step.

Thus it is clearly a matter of world-wide importance that British policy, as expressed in the joint declaration, should be resolutely and consistently pursued. By this we do not mean that energy should be dissipated in setting up central banks, with all the panoply of voluminous law, in countries where they are not needed. We mean that the monetary authorities here should persist in providing cheap and plentiful money for capital enterprise; that they should allow free access, without any unauthorized restriction, to the capital market; and that they should give discriminating encouragement to remunerative capital improvements.

So much for internal policy. Externally—externally, that is, to the whole group of countries attached to sterling—we have a weapon which is capable of serious misuse. For some time earlier this year so steady was the exchange rate between pounds and francs that there was justice in the suggestion of practical adherence to gold. More recently the franc, or gold, value of the pound has declined, and this may possibly indicate a disposition to govern exchange rates according to tests other than the supposed desirability of steadiness in terms of gold. On the other hand, it may indicate no more than non-interference with the results of a tendency among holders of funds in London to seek higher returns in France. Whatever the cause may be, the time has now come for considering again whether common action upon the pound and the dollar, brought into practical association by co-ordination of external monetary policies, is not the next step to world recovery. If President Roosevelt's more radical plans of internal policy suceed, it is desirable that the results, a substantial rise in prices of primary commodities, should be communicated to the entire block of countries attached to sterling, and to this end deliberate regulation, from both sides, of the sterling-dollar rate is required. If his plans fail, it may well be that a partial cause will prove to have been the deadweight of inactive sterling, dragging down a courageous reflationary policy. Hitherto it has been difficult to conceive, in all the uncertainties,

the terms of a positive joint policy operated by the monetary authorities here and in the United States. We now have identical objectives, specifically expressed, and the position reached in America is such that British co-operation is possible and may, indeed, be needed to turn the scales in favour of success. Official opinion in America probably no longer takes the extremist view that the external value of the dollar can be allowed to go entirely free. If that is so the door is wide open for co-ordination of policies. The steps taken internally may still differ; but with identical aims and much community of policy, co-operation through the exchange market would add strength to the forces in both areas making for recovery. We are now both at the same end of the stick; the time has come to pull in the same direction, at the same time and with the same rhythm.

Economics of Sugar Industry.

By R. H. C.

"The future of the sugar industry depended upon the stage, when the benefit of the reduced price would pass on the consumer," was the remark made by Dr. D. L. Dubey, while delivering a lecture on the "Problems of the Sugar Mill Industry in India," held under the auspices of the Meerut College Economic Society recently in the College Hall with Prof. V. S. Tamma, Vice-Principal of the College, in the Chair. Prominent among those present on the occasion included Mr. P. W. Marsh, Commissioner, Rai Bahadur P. C. Agarwal, Hydro-Electric Engineer, Rai Bahadur Chaubey, Radhe Lal Babu, Sidh Prasad Sinha of Lucknow, Prof. Nand Lal Bhatnagar, Babu Phundan Lal of the Byopar Sahayak Bank, Ltd., Babu Radhey Lal, Municipal Commissioner and Dr. Miss Misra.

Dr. Dubey pointed out that the total production of sugar in the world in the last few years had ranged between 25 and 30 million tons. In the year 1931-32, out of a total production of about 26 million tons 16¼ million tons of sugar was obtained from cane and over 9¼ million tons from beet. The sugar contents of feet had increased from 3 per cent to 23 per cent during the last half of a century or so. The development of sugar industry had received a great attention during the last few years in India for a variety of reasons. We had a very large area under cane in India and a very wide home market for sugar. Cane still gave a larger yield than any other crop and this crop made it easier to pay Government revenue and irrigation dues. The price of "Gur" had recently heavily fallen, and capital wanted an outlet in these times of depression. Moreover, there was no competition with any British manufacturers. All these factors were favourable for saving the wastage of crores of rupees that now went out of the country in the purchase of foreign sugar.

Dr. Dubey divided the development of the sugar industry into 4 stages: first the exclusion of foreign sugar which had been largely achieved by the high protective duty accompanied by the 25 per cent surcharge which, in effect, amounted to about 166 per cent duty at the present time.

The second stage came when we established a sufficiently large number of factories in the country in order altogether to dispense with foreign supplies of sugar. If an average of 500 tons capacity produced 150,000 maunds of sugar annually, we needed some 100 to 125 factories in the country; if, on the other hand, the average size of the country was to be what had been assumed in the report of the Tariff Board, namely, 117,000 maunds productive capacity per year, we needed some 150 factories to produce the 6½ lakh tons of sugar from the indigenous methods. In the year 1931-32 there were 43 sugar factories and refineries in India; in the following year they went up to 70 and it is expected that in the next two sessions they will go up to 125, the number we needed.

The third stage of development came when we improved the internal organization of the industry. Extensive cane plantations whether by factory owners or by private farmers, concentration of cane in areas where cost of cultivation was low, the manufacture of molasses into alcohol, the questions of zoning and fixing the price of the cane, training of labour in different grades, evolution of an efficient system of distribution, reduction of railway freight on the movement of cane and sugar, introduction of early and late maturing varieties of cane, lengthening the working period of factories, improvement of village communications—all these questions needed our best attention. Sugar percentage out of cane was 12 in Java and only 9 in India, cane produced per acre was 50 tons in Java, and only

15 tons in India—all this showed what improvement was possible in the Indian conditions. The imports of foreign molasses which amounted to about 40,000 tons last year had to be checked. It was absolutely essential that reliable cane-selling agencies should develop in the country. Methods must be found for the preservation of *gur* crystals, so that factories may work well in the off season when there was no cane.

Dr. Dubey thought that all these and many other questions needed solution in order to put the industry on a sound and stable footing. The last stage of the industry, according to the speaker, would come when the benefit of reduced price would pass on to the consumer.

LIMIT OF SUGARCANE YIELD.

Dr. Prinsen Geerligs has recently stated, states the *Tropical Agriculture*, Trinidad, August 1933, that during the last 10 years, *the production of sugar per acre has increased* in Java by 30 per cent and in Hawaii by 50 per cent. Similar increases have been obtained in certain other sugar-producing countries, such as Formosa and the Philippines. It is possible to calculate the theoretical limit to increased production, assuming that the nitrogen content of sugarcane is 0.084 per cent of the weight of the whole plant (as it is in P.O.J. 2878 and H. 109). Results of this calculation (which is based on the Mitscherlich law of growth) indicate that the maximum possible yield of such sugarcane varieties is about 160 tons per acre, or about 25 tons of sugar per acre. These yields may be obtained only when the supplies of water and of plant nutrients are adequate, and when other environmental growth conditions are fully satisfactory. Several plantations in Hawaii have already recorded yields approximating to the theoretical limit, so that suitable modifications of the environment may yet lead to increased yields in other regions. The theoretical 160 ton maximum is based on the assumption that the nitrogen content of the cane is 0.084 per cent. Since yielding ability is inversely proportional to nitrogen content, it *would appear possible to exceed the 160 ton* per acre limit, by breeding new sugarcane seedlings containing less than 0.084 per cent nitrogen; the practical limit evidently has not yet therefore been obtained.

SUGAR AS MEDICINE.

The other day, we read the following paragraph in the *Journal of the Institute of Hygiene* in London. We feel sure that the case *made out in favour of sugar is not over-optimistic or an exaggeration,* when we were told: "Additional sugar given twice daily between meals appears to have worked wonders with physically defective children at an Edinburgh school. Dr. John Guy, Medical Officer of Health, gave twenty children extra sugar in cocoa and two boiled sweets daily for six months in addition to the usual midday meal, extra milk, and cod-liver-oil provided. The results were remarkable; all but one child gained in weight, and the children became more energetic and more agile mentally. Dr. Guy is careful to point out that the addition of sugar to the diet is not a panacea and can be used with good results only in selected cases."

PROFITS OF SUGAR INDUSTRY.

According to the Sugar Technologist to the Imperial Council of Agricultural Research, the actual cost of producing sugar in Northern *India is not more than* Rs. 6-13-8 per maund. At this rate the present rate of profit on the capital invested in sugar factories in Behar comes to about 30 per cent. These estimates of the Sugar Technologist were referred to in a question by Rai Bahadur Lachmi Prasad Sinha during the Ranchi session of the Council and the answer given to it by Mr. Gokhale. These estimates emphasize, says the *Searchlight*, the wide gulf between the premium enjoyed by the capitalists and the price obtained by the growers whose gain in the circumstances is the veriest pittance. The figures given by the Sugar Technologist are, therefore, of the highest value and should be helpful to the forthcoming discussions at the conference that will be meeting shortly to consider the question.

PALM JUICE SUGAR INDUSTRY.

It is a matter of gratification that the industry of molasses, manufactured from *Palmyra Palm trees started recently* at Muzaffarpur by the authorities of Shree Gajadhar Prasad Sahu Trust Estate, is making satisfactory progress. The first boiling of juice commenced on the 22nd April last when only three and a half pounds of Gur was prepared. These days they are having about 65 lbs. of Gur daily. The Director of Agriculture, Bihar and Orissa, and the Deputy Director of Agriculture, Patna Farm, are to be thanked for the keen interest evinced by them in this work and the practical assistance rendered by them. Babu Bansidhar Ghosh, an Agricultural Overseer and a trained mistry on Gur manufacture, were sent to instal the

Sethi Oven. This Oven gives efficient and conserved heat with the cheapest fuel easily available everywhere. It can be worked and lightened easily. The department also *supplied to the estate its pan which is* quite suitable for evaporation purposes as also for Gur manufacture, Admitting as it does of an extensive application, this industry deserves to be carefully explored with special *reference to the output of* juice and of molasses and the cost of production. The Secretary of Shree Gajadhar Prasad Sahu Trust Estate hopes to publish a full report with reference to these points later on after working for about two months.

THE SUGAR CONFERENCE AND AFTER.

It was not all sweet at the Sugar Conference in Simla. The Sugar Industry in India has, owing to various reasons, shown a remarkable progress during recent years and bids fair to be well established in the future. The provinces, at present, are unconsciously expanding the industry without calculating the harm that might be done through over-production and undue competition among them, and the object of the Conference was to evolve an understanding and a plan to avoid the same. The U. P. and Bihar are now leading in production and have ambitious programmes for the near future. The representatives of the provinces did not seem to be cordially inclined towards one another and it cannot be said that a feeling of inter-provincial jealousy was entirely absent. Lest the discussions on sugar should lead to sour and bitter feelings it was decided, by a majority of one, that no *votes on resolutions need be taken*, but that they be construed only as the exchange of views whereby the provinces in future would try to regulate the industry. The crux of the problem lies in the fact, says the *Hitavada*, that the industry is receiving a substantial subsidy from the State from which two questions arise: how far will it be wise to expand the industry on the basis of the subsidy; and far more important, how much of the benefit is obtained by the cane-growers, *viz.*, agriculturists. The general opinion is that they do not get as much as they ought to, while the capitalist manufacturers have enjoyed a disproportionately larger share. There may be many reasons for this, chief of them being the existence of middlemen. Steps should, therefore, be taken to eliminate them and other factors that stand in the way. The success of the cane-sugar industry depends upon a rational adjustment and co-ordination between the cultivators and the manufacturers, and the Government should devise methods through co-operative and other agencies to secure equal advantages to both. Why not make a beginning with some of the recommendations of the Royal Agricultural Commission for profitable marketing of sugar-cane?

Rai Bahadur Goenka, in his presidential address, at the annual meeting of the Imperial Bank held at Calcutta, advocated that price level should be raised by a "judicious process of reflation". This should meet with common approval. There are no two opinions as to the necessity for a rise; the controversy centres round as to how to bring in the desired *rise in the price level. The same approval*, however, cannot be extended to the President's considered opinion that a sterling bloc should be properly organized in the absence of a satisfactory solution of the international problems. *An Empire currency unit, with sterling* as the group leader, is a Utopian Scheme and is not possible in actual practice. There is nothing to be gained by linking the rupee with sterling which itself is not stable. The *Rai Bahadur anticipated the* Report of the Reserve Bank Committee which also advocated the linking of the rupee with the sterling standard at the ratio prevailing at the time of the "introduction" of the proposed Bill. But the *public opinion in the country* is opposed to such linking. However, it is reassuring to note that the President viewed the continued gold exports with alarm inasmuch as *the process of paying* for our imports through profits from gold sales means that "we are to that extent living on our capital". This, we believe, is the more correct diagnosis of the situation than *the increased purchase power resulting in* increased imports theory as held in official quarters. The Rai Bahadur's assertion that a reduction in taxation "is one of the many necessary preliminaries in this country to *a return to normal prosperity*" is sure to be received well in this country, says the *Financial News*.

Published records go to show that during the seven years from January 1st, 1926, 43,712 *persons* have been killed and 1,204,682 injured in road accidents in Great Britain alone. Whatever can the total be for the world *at large*?

Diary of an Economist.

Mussolini on Italy.

"Strong nations have friends near and far in time of peace. In time of war they are dreaded. Feeble nations are left alone and neglected in time of peace. In time of war they run the risk of being crushed." In *these striking words Signor Mussolini* addressed vast crowds at Cuneo, "in the heart," as he said, "of a beautiful town within sight of that magnificent circle of Alpine peaks which should never again be violated by a hostile army or by the foreigner." The Duce continued: "We must be strong in numbers because nations with empty cradles are decadent. We must be strong in courage and march straight ahead when we have come to a resolution. We must be strong in fortune and in adversity, and I may say this because the Italian Government and people have given the strongest pledges of their desire for peace. We are the only nation which has a message, *a doctrine of life and salvation, to give to all* the civilized nations of the earth. Now turn your eyes to the future of Italy, which shall be greater and more powerful because we shall make it so." The speech was one of the stirring pronouncements of policy which have been re-echoed throughout the country. The opening sentence—"Blackshirts and young Blackshirts, people of this laborious soil, tenacious and heroic through all the centuries, I believe the joy of our meeting is reciprocal"—was greeted with tremendous applause. Nearly the whole population of Cuneo and the surrounding districts had gathered to hear the speech. There had been a general *summons to all the Fascists of Piedmont and* Lombardy, and to-day the newspapers throughout the length and breadth of Italy print the speech verbatim. What does all this portend?

Obliterating War Debts.

Two American students have attempted to answer the questions whether a complete obliteration of all reparation and War debt obligations would promote or retard world prosperity, and whether collection of inter-Governmental debts would be economically beneficial to the creditor countries. They set forth their views in an animated and plain-spoken book, "War Debts and World Prosperity," by Harold G. Moulton and Leo Pasolsky (Faber and Faber, 18s. net). Their examination of how the steps of mistaken policies (chief of which was the placing of obstacles in the way of payment by goods and services) led to the breaking out of the crisis in 1931 makes dramatic and chastening reading. They show that the impoverishment of the debtor countries, were they forced to pay, *would ultimately do more damage to the* American taxpayer, through loss of export trade than the remission of debt payments.

The authors answer the two questions given above by declaring that cancellation of reparation and War debt obligations would promote world prosperity and that collection of inter-Governmental debts would do harm to the creditor countries. The conclusion of their argument is:—

"The attempt to collect obligations, resulting not from productive economic developments but from the destructive processes of the War, have only served to impede the restoration of international economic equilibrium *and world prosperity.*" While the obliteration of the War debts would not solve all the manifold difficulties under which the world is labouring, economic analysis leads unmistakably to the conclusion that the restoration and maintenance of world prosperity will be rendered much easier if the disorganizing effects of the War debt payments are eliminated once and for all."

The importance of these salutary words is that they are addressed primarily to the American public.

Mr. Francis Gribble, in "What America Owes Europe" (Hurst and Blackett, 3s. 6d. net), goes further but with less effect. He *travels back in history to present British and* other financial claims against the United States and arrives at a formidable total. His counter-bill places the European debt to America comfortably lower than the American debt to Europe. It makes amusing reading on this side of the Atlantic—and possibly may on the other—although Mr. Gribble's intention is serious enough. He is an astute controversialist, and has the aid of Mr. Harold Cox in an appraising foreword to this lively book.

Monetary Proposals.

Lord Melchett wants a reform of the theory and practice of political economy, an "entirely new conception of money". But was it because the world lacked money that it is suffering from its present ills? Did not some crude conceptions of money (hoarding in creditor countries among them) contribute?

His audacious proposal to set up a Bank of England Discount Corporation, with whom all Government securities, and securities against which loans are granted, should be discounted, on a regular scale, after proper investigation under proper management, is too long and intricate to summarize. The idea is interesting, although it may be riddled by the orthodox. Another proposal is for a double currency: one, the sovereign for domestic purposes, the other, poundsterling, for exchange purposes. The orthodox may also be startled by a proposal for the immediate redemption of the internal debt by giving holders sight drafts instead of long-term drafts at interest. However, Lord Melchett has made a challenging contribution to the great national and international discussion.

The knowledge on which Mr. R. G. Hawtrey builds his theories is not to be lightly challenged. His power of presenting a case is too formidable for the most contradicatory layman's courage to face. Yet that layman, when Mr. Hawtrey's back is turned, may modestly hazard a doubt or two. The villains in his story, called "The Art of Central Banking" (Longmans, 18s. net), are the Central Banks. Theirs is the responsibility, it appears, for the appreciation of gold. They being the source of the world's supply of money, it is their duty to adjust supply to needs. He condemns them for not preventing the depression and crisis of the last three years. This is sweeping, and simpler than sweet simplicity. But there are other villains in the tragedy, some too subtle and intangible to be caught by economists, however eminent. It might be remarked for one thing, that Central Banks, with all their powers, cannot control the herd spirit, nor those national and psychological fits of hysteria that find expression in dangerous optimistic action or dangerous pessimistic action. The value of Mr. Hawtrey's book is that it will help to make plain what is a mystery to many: the connexion between Central Banks and the world's prosperity or lack of it.

Economic Reform in Germany.

On June 2, the *Volkischer Beobachter* announced that the political reform of the new Germany having been successfully inaugurated, the task of dealing with economic problems could be undertaken. The law for the "Reduction of Unemployment" of June 2 consists of six sections and deals with a wide variety of subjects. The first section is entitled "Provision of Work," and authorizes the Minister of Finance to issue "Employment Treasury Notes" upto a total of R. M. 1,000,000,000 in order to promote national labour. Meanwhile German agriculture has been co-ordinated in the same manner as other branches of trade and industry. On April 4, 1933, the existing associations of landowners and farmers met in order to prepare a central organization into which their associations would be merged and which would represent all classes of agriculture. A committee was formed which is to complete its work and submit proposals by January 1, 1934.

Paired with the socialism and racial idealism of the ruling party is a strong nationalism, as the title of the party indicates. In the economic sphere this does not mean only that preference will be given to German goods and that home products will always be used publicly and privately if at all possible, but also that the whole country will be organized to be independent of foreign supplies to the greatest feasible extent. Mr. Thelwall thinks it is quite useless to attempt any forecast of Germany's economic development during the next 12 months. The great difficulties which oppressed her at the end of 1932 and were enumerated at the beginning of his report still persist: heavy deficits on all her public budgets—the Reich 190,000,000 m., with the prospect of considerably larger deficits in the coming five years; the States 520,000,000 m.; the Municipalities 1,000,000,000 m.—a capital market which is not in a fit state to finance a recovery; continued great unemployment; a bad foreign trade position: large foreign indebtedness which has driven her to adopt the expedients of standstill agreements and a transfer moratorium; and a currency which can be kept stable only by measures of this kind and by a severe foreign exchange control. Latterly, the uncertainty created by the departure of the United States of America from the gold standard has been added; while bringing Germany alleviation in regard to some of her debts, this also has increased the competitive power of American goods with German in international markets.

The Government of Bombay have directed the reconstitution of the Road Board appointed originally in 1926. The new Board includes a representative of the Railways but otherwise is smaller than the old Board, which was found to be unwieldy.

Economic Notes.

Mineral Industry of Bihar.

Writing in *Bihar and Orissa in* 1931-32 Mr. R. A. E. Williams, I.C.S., says that the Singhbhum mines produce nearly the whole of the iron-ore of India. In 1931 the output was reduced by nearly fifty per cent to 588,000 tons owing to the depressed state of the pig-iron market. The iron and steel works of Messrs. Tata at Jamshedpur are situated at a convenient distance from their supplies of coal, iron, manganese and lime-stone. The rapid development of this modern town in the last ten years is a remarkable achievement. India has greatly reduced her demand for steel during the last two years, but Messrs. Tata's works fortified by a protective tariff now supply 62 per cent of the country's requirements compared with 26 per cent in 1927. It is safe to say that but for the drying up of the channels of international trade owing to natural and arificial causes since 1929 the industry would have advanced much more rapidly. The extent of its operations at Jamshedpur may be judged from the fact that even in the depressed conditions of 1931 it employed nearly 42,000 people and paid a wage bill of Rs. 1,78 lakhs; it consumed about a million and a half tons of coal and three and a half million tons of the raw materials of manufacture valued at Rs. 1,79 lakhs: its output of semi-finished and finished products was nearly 666,000 tons and its sales yielded Rs. 5,06 lakhs; and it yielded large quantities of valuable by-products, such as coke (705,000 tons), coal-tar (21,000 tons), sulphate of ammonia fertilizer (6,000 tons). It is hoped that with its enormous resources the industry will be able to reduce the prices of steel goods and benefit the Indian consumer.

Production at the tinplate works at Golmuri near Jamshedpur was slightly below that of 1930. This industry provides an important market for the steel manufactured in the same area. Its efficient plant and increasing capacity for production in comparison with standards in America and Great Britain are claimed as an outstanding technical success among recent industrial developments in India. Generous tariff protection may place the wire products industry at Jamshedpur on a firmer footing. The manufacture of cables at the same place was seriously reduced during 1931 owing to the heavy imports of cables from Japan and from the European continent.

The mine of the Indian Copper Corporation at Mosaboni was responsible for the whole of the copper output in India during 1931. The output increased from 123,000 tons in 1930 to 153,000 tons which were valued at nearly Rs. 22 lakhs. Production of refined copper at the company's smelting works increased from 2,974 tons to 4,069 tons. The rolling mill manufactured 3,637 tons of sheet metal.

The general inactivity combined with Russian competition reduced the output of manganese. The output of chromite also decreased. Limestone quarried in Shahabad increased in output from 228,000 tons to 242,000 tons. About the same amount of stone chiefly igneous rock was produced, namely, 451,000 tons, and most of this came from the Santal Parganas. Deposits of slate, steatite, fireclay, china clay, sandstone and apatite are developed in various parts of the province. Singhbhum and the neighbouring State of Kharsawan is the principal source of kyanite in India. Singhbhum also produces small quantities of gold.

India's Cashew-nut Trade.

The kernels of the cashew-nut are exported in millions of tons from India, especially Southern India, to the United States. The world's output of cashew-nut kernels is estimated at 10,000,000 lbs., of which, in 1931, 7,000,000 lbs. went to America. The kernels are very wholesome and nutritious, the ***Proceedings of the Agricultural Society of Trinidad*** tells us, and the demand for them by confectioners and grocers is increasing. As the tree grows easily and comes into bearing early, and as Mr. John Lechmere Guppy, of Trinidad, has invented a small hand machine which extracts the kernels whole, we would like to see even a bigger trade in these most toothsome nuts develop between India and the West generally.

Britain's Overseas Trade.

Mr. P. Malcolm Stewart, of 38A, Park Lane, London, has issued an interesting chart, compiled from official data by Mr. L. St. Clare Grondona, featuring Great Britain's trade with the world in general and with the nations represented at the World Economic Conference in particular. It makes clear the fact that while the United Kindgom's trade with the overseas Empire as a whole (*plus* income from

investments and from shipping and other services) is greatly to the advantage of Britain, the same state of affairs does not apply to the United Kingdom's trade with foreign countries as a whole. Commenting on the significance of the figures given in the chart, Mr. Grondona points out :—Considering (together) our external trade in merchandise and income from overseas investments we find that, while Britain's dealings with Empire countries have shown her an annual average surplus of £85 millions, on the same basis of computation, our dealings with foreign countries have shown an average deficiency of £265 millions. While during the past sixty years British investors have irretrievably lost over a thousand millions in foreign government and municipal stocks alone, no loss whatever has been sustained by holders of similar British and overseas Empire securities. The necessity for the speedy development of a policy of close-knit empire economic unity is aimed at by the publication.

Converting Bones into Manure.

Various artificial fertilizers like ammonium sulphate, nicifos and sulphur phosphate have been found to give results with crops like cotton, sugarcane and rice. Due to the present depression in trade, the prices of agricultural produce have fallen considerably and the cultivators are not, therefore, in a position to invest money on the purchase of fertitizers. They can, however, increase their profits by reducing the cost of cultivation wherever possible; this can be achieved if every cultivator or malguzar tries his best to utilize the available waste products of the villages in the shape of useful manures and thus increase the outturn of crops and reduce the manure bill to a great extent.

Various materials like bones, cotton stalks, pigeon-pea (Tur) stalks, weeds, fallen leaves, etc., are usually available and the cultivators can convert these into useful and quickly available manures. Recently, some malguzars and cultivators made enquiries regarding a suitable method for preparing bone manure and the following method based on Pusa bulletin of converting bones into a useful phosphatic manure is, therefore, published for general information. A method for the treatment of the other raw products mentioned above will be published separately:—

(1) The dry bones should be crushed as fine as possible in an ordinary mortar mill (chaki).

(2) Bone dust obtained from 1 above should then be mixed up with various ingredients and in the proportions indicated below :—

Bone dust	100 parts.
Sulphur	25 ,,
Sand (from river bed or nalla) . ..	100 ,,
Water	20-25 ,,
Charcoal	6—7%

of the weight of the mixed compost.

Add enough cowdung and soil from a fertile field to the water so as to make a fairly thick emulsion before it is sprinkled on the heap. The best plan will be to prepare a mixture of all the ingredient given above except water and then proceed to build up the compost heap of suitable dimensions by the addition of layers having a thickness of about 9 to 1 foot each and to sprinkle the required quantity of the emulsion on each layer and continue the procedure till the whole of the mixture is composted. (In places where there is a scarcity of water, the raw products can be collected and kept ready.)

World's Coffee Production.

The world's visible stocks of coffee, including interior and restricted crops, according to *The Tea and Coffee Trade Journal* of New York, do not decrease. On July 1st last, the returns, so far as we understand them, worked out at 6,139,970 bags as the visible supply against 5,468,261 bags on July 1st, 1932. The "interior" stocks of Santos and Rio for July have still to be published, but other returns in Brazil certainly show a drop, the total being 2,485,500 bags against 3,804,428 bags a year ago when Santos itself carried 21,342,000 bags and Rio 1,068,000. What the stock this year worked out at remains to be seen. On July 1st, 1932, the world's total visible supply was put at 31,682,689 bags against somewhat similar quantities in 1931 and 1930 and 14,273,398 bags in 1929. Based on a population of 125,000,000 (see U.S. Census), the consumption *per capita* works out around 12.24 lbs. against 12.02 lbs. in 1931-32. The 1933-34 crop is estimated at 29,880,000 bags, with Sao Paulo at 20,500,000, Minas 5,500,000, Espirito Sto 1,800,000 and Rio 1,200,000. The exportable quotas, 60 per cent of total Brazilian crop works out at 17,928,000 bags, including Sao Paulo 12,300,000, Minas, 3,300,000, Espirito Sto 1,080,000 and Rio 720,000 bags.

Output of Work and Standard of Life.

In a recent issue of the *American Economic Review* Mr. Thomas T. Read makes an interesting contribution on the quantitative relation

between work and wealth which throws some light on the important question why standards of life are poor in certain countries while they are very high in certain other countries. Mr. Read makes an attempt to compute the total amount of work done in the world in terms of daily output *per capita* horse-power-hour. He estimates the total daily output of work in the world at 37,47.78 million horse-power-hours. Of this the people of the U.S.A. are responsible for 1,643 million horse-power-hours. Next comes Germany with 376.5 million hours. Then follows Britain with 317.3 million horse-power-hours. The total output of work in India is only 151 million horse-power-hours. The *per capita* daily output of the various countries are as follows:—

			Horse-power-hours.
America	..	..	13.38
Canada	..	..	13.03
Norway	..	..	7.58
Belgium	..	..	6.85
Britain	..	..	6.65
Germany	..	..	6.04
India	..	..	0.47
China	..	..	0.45

India has just managed to rank above China. The poor output of work in India and China is due to the fact that in these countries most of the work is done by hand and manual labour is the least efficient reckoned quantitatively. In America only 40 million horse-power-hours of work are due to human labour and it is even less in the other countries.

Notes from London.

A Commonwealth Institute of Education.

London.—At a recent meeting of the Education Circle, Dr. A.P. Newton (Rhodes Professor of Imperial History, London University) in the Chair. Professor Sir Percy Nunn (Principal, Institute of Education, London University) dealt with the inception, work and possibilities of the Institute of Education. Started in 1902 as the London Day Training College, mainly concerned with the training of teachers for the elementary schools under the control of the L.C.C., it had so expanded in the course of its 30 years' existence that the ever-increasing stream of Dominion and Colonial teachers and educational administrators finding their way naturally to the metropolis of the Empire, made inevitable a fundamental change in its constitution to enable it to implement in the cultural world the political responsibilities centred at Westminster. That change was finally effected on September 1st, 1932. They now always had some 20 or so Dominion, Indian and Colonial students and owed much to the Board of Education, who were much impressed by the work of the Teachers' College, Columbia University, in providing a cultural clearing house not only for the U.S.A. but even for Dominion students too. The Colonial Office—particularly during the last few years—and the University of London had done much to help, the latter having adapted a part of its curriculum to this new Imperial responsibility. A start had been made, but the complete plan could not really materialize for very many years. To give but one instance of the constant necessity for a readjustment of their activities—the five-year plan of the survey to be made by the International Institute of African Languages and Cultures would call for a parallel expansion and a like larger outlook from them. Apart, however, from imparting knowledge, they aimed at being a centre—not a mere building or machine—of cultural co-operation and cultural research, which was being daily reinvigorated by all that the students themselves contributed from the different parts of the Empire. The full circle was "Give—receive—give". A tradition of cultural co-operation was continually being added to. Thanks to the generosity of the College of Preceptors, they held in 1932 the first series of Special Lectures by overseas educationalists, when Prof. L. J. Wrigley (Professor of Education, Melbourne University) delivered a course of five lectures upon Australian education. Clearly the future of the Empire, especially after the passing of the Statute of Westminster, lay in the cementing of the spiritual bonds of Empire co-operation. For that reason there was and could be no dictation, or aggressive uniformity, but rather that "diversity in unity" so essential to real vitality and development.

The Chairman, in opening the discussion, stressed the fact that the essence of a university was "men" of vision and imagination, and in Sir Percy Nunn, Dr. Cyril Burt, Mr. Winthrop Young (thanks to the Thomas Wall Trust) and Professor Dover Wilson, they had the nucleus of a team of educationalists both as inspirers and as technical experts

who would help to make London the ultimate Mecca of the educationalists of the world. Referring to his visit to Lisbon in connection with the Conference of the International Colonial Institute, Dr. Newton said the great colonial powers were daily more and more realizing the benefit of the exchange of information—and inspiration—in colonial administrative problems. He was particularly impressed by the sympathetic interest shown by other peoples in the colonial problems of the British Commonwealth. The work of the *Institute of Education was a corollary of* the existence of the Commonwealth.

Mr. Arthur Mayhew, C.I.E. (Joint Secretary, Colonial Office Advisory Committee on Education), agreed that the future of the Empire to an ever-increasing extent lay in the cultural plane. They were looking to the Institute to help in the matter of research and co-ordination to a solution of the education of the native races of the Empire, and not all these were by any means the sole responsibility of the Colonial Office, *e.g.*, New Zealand now governed Samoa and practically staffed Fiji *also. It was here where the Institute would* provide such a useful clearing house of Imperial education, information and research.

Mr. D. Hope Johnston (Australia) appealed for a return to realities in education and for the enlistment in the work of the Institute of "men from the spot who had done things," rather than merely of those who had attained degrees.

Miss M. A. Challen (Secretary, Educational Associations' Conference) and Mr. Jan Koens *(South Africa) both spoke from personal* knowledge of the high opinion held by educationalists of Sir Percy Nunn's inspiring work, the latter stating that it was not only to the white but to the black races of the Empire. He hoped that the "spirit of the game" rather than the mere acquisition of knowledge would ever predominate.

Mr. G. C. Latham (late Director of Native Education, Northern Rhodesia) said "character" and the "education of the whole man" are the keynotes which must dominate the Institute, and the application of knowledge *and training for leadership in thought* were two most important aspects of the one matter.

A hearty vote of thanks was proposed by the Hon. Secretary and seconded by Mr. S. A. Bokhary (India).

Company Law Reform.

The Association of British Chambers of Commerce has received a report from a thoroughly representative committee appointed by it some time ago to consider what changes were desirable in the Companies Act of 1929. That Act, it will be remembered, was primarily due to representations from the Association which led to the appointment of a Government Committee of Inquiry. We are not surprised to find that the committee, of which Mr. Lakin Smith was chairman, has reported that the Act of 1929 needs strengthening in many places, for it may be recalled that we expressed our dissatisfaction with it at the time it was being debated. How much easier it would have been *to press then for necessary amend*ments scarcely needs demonstration, for now the whole business has to be reopened if anything is to be done.

Profit and Loss Account.

Clearly it is not possible to deal with all the points contained in the report, but it should be noted that *the committee recom*mend that the Profit and Loss Account should show the profit or loss for the period covered, and that there should be stated under separate headings:—The remuneration paid to directors required to be disclosed under this Act; total income from all investments held by the company other than those in subsidiary companies; and any material credits which are abnormal or extraneous in their nature, to the ordinary transactions of the company, *as well as any reserve from a previous period.*

Contents of Balance Sheet.

Section 124 (1) of the present Act reads as follows:—"Every balance sheet of a company shall contain a summary of the *authorized share capital and of the issued* share capital of the company, its liabilities and its assets, together with such *particulars* as are necessary to disclose the general nature of the liabilities and the assets of the company and to distinguish between the amounts respectively of the fixed assets and of the floating assets, and shall state how the values of the fixed assets have been arrived at. The committee recommend that after "floating assets" should be added "and investments". It was *considered that free reserves should* be disclosed on the face of the balance sheet and not *included with "sundry creditors,"* though the need for such disclosures should not extend to provisions made for estimated losses or expenses not definitely ascertainable at the date of making up the company's accounts, but to which losses or expenses it is sound and proper to have regard in arriving at the profit or loss for the year or other period.

SECURED LIABILITIES.

Section 124 (3) of the present act reads as follows :—" Where any liability of the company is secured otherwise than by operation of law on any assets of the company, the balance sheet shall include a statement that that liability is so secured, but it shall not be necessary to specify in the balance sheet the assets on which the liability is secured." The committee recommend that secured liabilities should be shown *separately from unsecured* liabilities and it was agreed to recommend that the clause should be amended to read as follows :—" Where any liability of the company is secured otherwise than by operation of law on any asset of the company, the balance sheet shall state such liability separately from other liabilities and shall include a statement that that liability is so secured, *but it shall not be necessary to specify in the balance sheet the asset or assets on which the* liability is secured."

FOREIGN LOANS.

At the annual conference of the Incorporated Secretaries' Association at Gonville and Caius College, Cambridge, last week-end Sir Arthur Michael Samuel (formerly Financial Secretary to the Treasury) delivered a trenchant address on " Loans to uncreditworthy oversea borrowers and the mischief they have caused". No British money, he urged, should be lent to foreign borrowers who have in the past proved uncreditworthy, except to terminate default ; and then only on condition that the interest and sinking funds on loans granted to them shall be secured by international control of their Customs and Excise.

FOREIGN CONTROL OF FREE STATE INDUSTRY.

Irish Free State manufacturers, the Federation of Irish Industries complains, have been hard hit by the incursion of foreign capital into the industrial sphere. About 75 per cent of Free State industry is now under foreign control. Excessive taxation has, it is stated, deprived manufacturers of capital reserves. Owing to the development of home industry following the imposition of tariffs, imports of chocolate, confectionery and jam have fallen to £7,048 in the first seven months of this year from £223,605 in the corresponding *period of 1932.*

THE NEW BANKING ACT.

The American Banking Act of 1933, and particularly its provision for the insurance or guarantee of bank deposits, came in for criticism in some of the speeches at the American Bankers' Convention. Mr. Sisson claimed that *this provision* forced sound banks to cover the shortcomings of poor banks and that it might bring indiscriminate hardship upon country banks. While supporting the objects of the Bill he declared it to be basically unsound, and that it must be replaced by a plan of reform that would really reform. Other speakers generally condemned the scheme for insurance of deposits though supporting other provisions in the Bill, approval being expressed in more than one quarter of the provisions abolishing interest payments on demand deposits and restricting them upon time deposits. One speaker criticized the open-market operations of the Federal Reserve System, declaring that they had utterly failed to stimulate a business revival and that their one accomplishment had been to compel the banks to finance the Government's borrowing at artificially low rates.

According to a writer in the *Nineteenth Century*, Mr. Ramsay MacDonald and Mr. Baldwin have a natural affinity, both are conservative at heart and both dislike change. *The following analysis of the* two men will be read with interest :—Both of them by temperament conservative, concerned with keeping things as they are rather than planning constructively for the future ; indeed, having a mistrust of action, and preferring to let things work out their own course, correcting here, or holding back there, but never driving forward on a determined plan of action ; by temperament opposed to rationalism, and guided by a sort of muddled mysticism that believes things work out on the whole for good. Theirs is an outlook neither reactionary (like Mr. Churchill's) nor radical (like Mr. Lloyd George's), but patriarchal, and all for standing still.

Deliberate debasement of currency is one of the latest devices for obstructing trade and nullifying hostile tariffs. It is, in the words of the *Manchester Guardian*, ' a sweepingly efficacious device. It is the most direct and, because of its secret generation, the most trust-shaking of all the impediments to trade which are alternative to tariffs '. And it is this device which the United States has adopted, and which has practically brought to a standstill the work of the Economic Conference.

Notes from U.S.A.

Reforestation a Cure for Unemployment.

New York.—President Roosevelt recently talked to more than 250,000 young men in more than a thousand Civilian Conservation Corps camps throughout the country. They were evidence, he said, "that we are seeking to get away as fast as we possibly can from soup kitchens and free rations," and they were "the vanguard of the new spirit of the American future," namely, "that satisfying reward and safe reward come only through honest work."

It was in the belief that the average American prefers honest toil to a dole that the President conceived the idea of putting this army of unemployed young men at work in the forests. Congress approved the project on March 31 and the Department of Labour hastened to select a quarter of a million men of good character and physique between the ages of 18 and 25, whose families were on the relief rolls. They were enrolled for a six months' period a $1 a day *plus* subsistence and clothing, and the greater part of their pay—from $20 to $25 a month—was to be allotted to their families.

It was the task of the United States Army to examine, equip and organize these men and establish them in work camps before July 1, so that they might complete their service before the dead of winter. As many as 52,000 boys had to be moved from East to West, since all but 7,000,000 of our 161,000,000 acres of national forests lie west of the Great Plains.

A Good Investment.

The work is under the direction of the forestry experts and engineers of the Departments of Agriculture and the Interior, but it has been necessary to supplement their staffs with 22,000 foresters, landscape men and construction engineers who will act as superintendents and foremen at salaries ranging for the most part from $100 to $125 a month. In addition 35,000 local unemployed men at $1 a day—with no age limit specified—have been taken on by the camps in order to insure the co-operation of the communities where the camps are situated. Finally 14,400 Indians have been enrolled at $1 a day to work on their own reservations. This makes, all told, 324,000 men who have been given employment with the C. C. C.

The disbursement of large sums of money for wages and supplies is already being felt throughout the country. While the expense to the government is great—around £20,000,000 a month in rough figures—the wide distribution of the money and the investment being made in the public domain are held to justify this novel public works project.

Breath-taking Plan.

The camps are scattered along the Pacific Coast, all through the Rockies, along the Appalachian Chain in the East, down into the Great Smokies in Tennessee and up into the White and Green Mountains in New England. In the Middle West, the Ohio and Mississippi Valleys are dotted with camps that will do work to prevent soil erosion and floods. Every State except Delaware has at least one camp. California, with her great stretches of national forests, has the largest number, 164. In the East, Pennsylvania leads with sixty odd camps, while New York has thirty-three.

The plan, breath-taking in its magnitude, is to rehabilitate, protect against fire and improve 161,000,000 acres of national forests, the 4,353,000 acres of timbered lands in the national park system and also the State forests and parks wherever the States have agreed to share with the government any future profit that may accrue from planting that is done. It is the first great step in the offensive against the deterioration and wasting of forest lands, both public and private, which if allowed to continue at the present rate, would, it is held, leave us without a domestic timber supply in thirty or forty years.

In the national and State forests trails are to be made for fire-fighters, wide firebreaks are to be cut out of the forests and fire lines are to be built along motor roads. Insect pests and blights are to be eradicated, and fallen timber is to be cleared away. Undesirable growths are to be eliminated, the valuable trees nurtured and many millions of saplings planted.

In the national parks, in the national military parks and in the State parks the same kind of conservation work is to be done, with the aim not of cutting and selling in the future, but of preserving and improving the parks for the use and enjoyment of the public.

Hard Work to Start With.

When the boys arrived in camp they soon found that there was hard work to be done.

The camp site had to be cleared, tents pitched, a road built into camp, a water system put in, and a mess hall built.

The sense of strangeness—there were a good many cases of home-sickness among the younger boys—and the worst of the discomforts were over soon. In whatever camp you may visit, the boys seem to belong to their camp and their camp to them. Here, in a cleared space on the side of the mountain, are brown khaki tents, some fifteen or twenty of them, standing high and dry on wooden floors. The company street which they face is outlined in white stones and landscaped with a few baby fir trees. At one end is the combined mess hall and recreation room.

Every day has its rhythm. At 6-30 in the morning the camp bugle blows. Morning "chow" is at seven and the boys in blue denim shirts and jeans troop into the mess hall intent on ham and eggs, bread and potatoes. They eat, the officers say, as though they had been starved for a year: the food allowance is 30 cents a day.

How They Do It.

At 8 o'clock they set out in groups of fifteen and twenty under the supervision of forestry foremen, piling into trucks, or trekking on foot, depending on the job location. Shirts are peeled, revealing some bronzed torses and others painfully sunburned. Eager to get a tan, the boys cannot be persuaded to keep their shirts on. Some of them are narrow-chested, with the mark of meagre lives still upon them: almost all of them look under twenty, still very much boys.

The work that they are doing, no matter whether it is chopping trees, digging out rocks, or building trails, looks hard, almost back-breaking, for such youngsters. They toil away stoically, without much singing and joking: that comes later in the day.

America's Newest Army.

At 12 o'clock the "chow" wagon—if they are working far from camp—is greeted with whoops of joy. These boys get a full hour for lunch. They are supposed to work eight hours a day, five days a week, but the time spent going to and from camp and the lunch hour are taken out, so that they actually work only about six and one-half hours a day.

At 4 o'clock they are back in camp, starting out for the swimming hole with towels over their shoulders, loafing in their tents until supper time, or playing baseball. Interest in baseball is at white heat in all the C.C.C. camps and rivalry between neighbouring outfits is keen.

The Army Captain in charge of one camp happens to be a great baseball enthusiast and he complains loudly that he has been ruled off the team under the C.C.C. rules. He coaches the boys, mixing with them, contrary to army tradition, in a very democratic fashion. There is no military discipline in the C.C.C., no saluting, no standing at attention. There is not supposed to be any drilling either, although the boys in this camp had asked for a little.

After supper there are classes in English, mathematics, geology, etc., for those who are interested. They are taught by college boys and one or two by the officers. Recently there were talks on personal and sex hygiene and the bulletin board announces a series on forestry. The camp string quartette is scheduled for an evening's entertainment and a minstrel show is rehearsing.

The musical members of the camp hope to follow the brilliant example of a nearby outfit, which recently put on a show for the townspeople and made some money.

Baptism of Fire.

They are 100 per cent American, these boys of the C.C.C.—cocky and boastful, alive with the competitive spirit, awed by no one. Every camp flatters itself that it is the best outfit—with the best baseball team, the best boxers, the best musical talent—in the C.C.C. A few of the camps have had their baptism of fire, and have told the world, through the C.C.C. news-sheet, *Happy Days*, how gloriously they have acquitted themselves. A company in South Carolina claims "the fire-fighting derby" for having put out a 700-acre forest fire in five hours, while a company in Georgia boasts of having spent three days and nights on the fire-line, with its meals brought up in a roller-kitchen.

Most of the boys seem to like the life. The majesty of nature is somehow calming young nerves that had been made jumpy by enforced idleness and by knocking about city streets.

Just as the war aroused new emotions and sensations, the experience of life in the open and the feeling of oneness with a quarter of a million other human beings is having its effect on these youngsters. Some are writing poetry; crude, but from the heart. One of them thinks it's a "grand corps" and dedicates a poem to "President Roosevelt, Our Deliverer". Another calls his poem "A New View".

TRIUMPH OF THE C.C.C.

Word comes from Massachusetts that a number of the boys in one camp were offered jobs when they were home for a brief holiday but turned them down they were so well satisfied with life in the C.C.C.

Discipline is a problem, but so far not a serious one. Regulations provide that a boy who misbehaves or refuses to work may be confined to camp for a week, lose three days' pay, have certain privileges suspended, or in extreme cases, be discharged. Very often the officers have been just as glad to see the *trouble-makers eliminated.*

By July 1, 5 per cent of the original 2.50,000 had been separated from the service, some for refusal to work, some for misconduct, some for medical reasons, a few for having been arrested by the civil authorities and a certain number to take proffered jobs. All are being replaced.

There have been rumours of drunkenness among the boys and of some stealing in the countryside. Yet the army reports show that such cases are rare and that in general the morale "is better than was to be expected". There have been a few disturbances in different camps chiefly about food.

The fact that most of the camps are isolated in the most healthful kind of surroundings and are limited to 200 men insures them to a certain extent against bad moral and health conditions. So far nothing worse than measles has broken out. Many of the boys have gained an average of six or seven pounds.

The Econometric Society.

By The Editor.

A new International Society for the Advancement of the Study of Economic Theory in its relation to statistics and mathematics has been formed in the U.S.A. We are asked to announce the following details about it :—

1. *Scope of the Society.*—The Econometric Society is an international society for the advancement of economic theory in its relation to statistics and mathematics. The Society shall operate as a completely disinterested, scientific organization without political, social, financial or nationalistic bias. Its main object shall be to promote studies that aim at a unification of the theoretical-quantitative and the empirical-quantitative approach to economic problems and that are penetrated by constructive and rigorous thinking similar to that which has come to dominate in the natural sciences. Any activity which promises ultimately to further such unification of theoretical and factual studies in economics shall be within the sphere of interest of the Society.

2. *Members.*—The Society shall consist of two classes of members: regular members and Fellows. Members of either class shall be subject to election. To become a regular member, a person must be proposed to the Council by two members of the Society. Once a year the Council shall nominate new members and these nominations shall be voted upon by mail by all members. No person can be elected to membership unless he is nominated by the Council.

During the first year following the organization meeting of the Society, the Council shall have the authority to invite eligible persons to become charter members.

3. *Fellows.*—All Fellows of the Society shall be nominated by the Council and elected by mail-vote of the Fellows. Such nomination may be made at any time. To be eligible for such nomination a person must have published *original contributions to economic theory* or to such statistical, mathematical or accounting analyses as have a definite bearing on problems in economic theory, and must have been a member of the Society for at least one year. Each year the Council shall offer the members an opportunity to suggest nominees for fellowships.

The first group of Fellows shall be elected by the Council.

A meeting of the Fellows shall be held each year at a place and time designated at the previous annual meeting of the Fellows. In default of action by the Fellows, the Council shall have the power to fix the place and date of such meeting. The annual meeting of the Fellows shall represent the highest authority of the Society. In important cases, the annual meeting of the Fellows may decide by a simple majority vote to subject any decision of the meeting to ratification by mail-vote of all Fellows.

4. *Officers.*—The President of the Society shall be elected for one year by ballot by the Council. The President shall act as chairman of the Council.

The first President shall be elected by those present at the organization meeting of the Society.

The Council may elect one or more of its members to act as Vice-Presidents of the Society for a period of one year.

The Council shall elect a Secretary and a Treasurer to serve for a period of one year. These two offices may be combined. The Treasurer shall present financial statements to the Council, which, in turn, shall submit the statements to the annual meeting of the Fellows.

5. *The Council.*—The Council shall consist of not less than seven nor more than fifteen members. The President, the Secretary and the Treasurer shall be *ex-officio* members of the Council. The other members of the Council shall be elected with a view to representing the various geographic areas in which the Society has members. These latter members of the Council shall be elected for three years by the Fellows upon nomination by the Council, the offices for approximately one-third of them terminating each year. The first Council shall be elected by those present at the organization meeting of the Society.

6. *Activities.*—Any activities which fall within the sphere of interest of the Society may be authorized by the Council, such as local scientific meetings, international meetings under the auspices of the Council, and the issuance of publications reporting the activities of the Society or containing other matters of econometric interest.

7. *Financial Organization.*—The dues for regular members and the dues for Fellows shall be fixed by the Council. Such dues shall be moderate in amount. Bequests and gifts may be received.

8. *Amendment of the Constitution.*—Amendments to this Constitution must be approved by a simple majority vote of those Fellows present at any annual meeting of the Fellows. Before becoming effective they must be ratified by a two-thirds majority of those voting in a mail-vote taken among all Fellows.

This Constitution was adopted by general vote of those present at the organization meeting of the Society in Cleveland, Ohio, U.S.A., December 29, 1930. The meeting decided to leave desirable verbal modifications in the text of the Constitution to be made by a committee consisting of Ragnar Frisch, Frederick C. Mills and Charles F. Roos. This committee held a meeting in Cleveland, Ohio, U.S.A., on December 30, 1930, and there decided upon the final phrasing. The memorandum from which the above details are taken is signed by Messrs Ragnar Frisch, Frederick C. Mills and Charles F. Roos.

ELECTION OF HEADS OF THE SOCIETY.

Fellows of the Society, elected by mail ballot were announced last night by Prof. Irving Fisher of Yale University. They follow :—

Professors Luigi Amoroso of the University of Rome, Italy; Oskar N. Anderson of Varna Bulgaria; A. L. Bowley of the London School of Economics, England; Clement Colson of l'Ecole National des Ponts et Chaussees Paris; Gustavo Del Vecchio of University of Bologna, Italy.

Francois Divisia of l'Ecole Polytechnique Paris; Griffith C. Evans of Rice Institute Houston, Texas; Irving Fisher, Yale University: Ragnar Frisch of University of Oslo Norway; Corrado Gini of the Instituto Centrale di Statistica del Regno d'Italia Rome; Gottfried Haberler of Vienna.

Harold Hotelling of Columbia University John M. Keynes of King's College, Cambridge England; Wesley C. Mitchell and H. L. Moore of Columbia University; Umberto Ricci of University of Giza, Egypt; Henry Schultz of University of Chicago.

Felice Vinci of University of Bologna Italy; and E. B. Wilson of Harvard University; and Dr. Albert Aupetit of Paris, formerly Secretary of the Bank of France; Dr. N. D. Kondratieff of Moscow; Dr. Charles F. Roos, formerly Secretary of the American Association for Advancement of Sciences, now with the National Recovery Administration.

M. Jacques Rueff, attache financier, Ambassade de France, London; Dr. Erich Schneider of Dortmund, Germany; Dr. J. Tinbergen of Scheveningen, Holland; Vice Minister of Finances, Wl. Zawadsky of Warsaw, Poland.

Dr. F. Zeuthen of University of Copenhagen; Professor Boninsegni of University of Lausanne, Switzerland; Prof. Joseph Schumpeter of Harvard University.

The Society was organized two years ago, and with a membership of economists from almost all important countries, its aims especially are to study the causes and cures of depressions. It held sessions in Chicago recently in conjunction with the American Association for Advancement of Science. Its journal is edited by Professor Ragnar Frisch of Norway who was a visiting professor at Yale three years ago.

The present officers are Professor Fisher, President; Professor Divisia, Vice-President; Dr. Roos, Secretary, and Alfred Cowles, 3rd Treasurer.

Current Comment.

By "Scrutator".

The *Daily Herald* not long ago published in its columns a sensational article on Japanese dreams of an Eastern Empire from its Diplomatic Correspondent. The main idea underlying it is that Japan is made to look as the deliverer of Asia from the bondage of Europe. Japan itself is to become a Fascist State under the leadership of General Araki, who is said to delight in the appellation of the "Japanese Mussolini". The good general, it is represented, has already succeeded in creating a strong group in his own favour, besides what is called a "murder gang" of young officers who, it is added, are out to assassinate every politician of democratic views. Araki's policy is summed up in the slogan, "Aggression abroad and repression at home". The story is good enough for European consumption but it is far too incredible for any one who knows the Japanese and their real ambitions. That apart, what makes the article rather remarkable is that it is said to include in its programme what is called the "liberation of India". That is interesting, but it is just a little too much for even Indians to believe. Nor have Indians anything to gain from any other foreign domination—East or West. India wants liberation to live her own life. She has no other desire. Her way of life is different; her modes are different; and her aspirations are different. General Araki may not care to know it, but he would do well to confine his attentions to the needs of his own island home.

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The reactions of the failure of the League of Nations are probably to be seen in insane propaganda of this type in the European Press. Japanese aggression in Asia may have temporarily succeeded: but it cannot succeed everywhere and on every occasion it is attempted. Araki may be an ambitious individual but he ought to be aware of the fact that the economic collapse of his nation may end the progress of his dangerous propaganda. The Japanese industrial situation is none too strong, as is evidenced by the flooding of the world markets with goods sold below even Japanese costs of production. That is a truly "desperate" measure which can hardly continue for long. The Japanese treasury too is depleted. The Japanese Navy, Army and the Debt Service consume all revenue that could be raised. The rest of the growing expenditure being met by borrowing, the crash may come at any time, much to the annoyance of the ambitious general. The correspondent is certainly correct when he suggests that his dictatorship would prove the prelude to a complete economic collapse.

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But there is one lesson to be learnt from propaganda of this type in Europe, and especially in England. It is likely to mislead public opinion, not only against Asiatics in general but also against Indians and Japanese as well. Araki's "vision of a great Japanese Empire exercising hegemony over all Asia" is one of those absurd stunts that can only be believed by the wildest propagandists. They can have no idea of the harm they can do by such scares. Whatever the evil intended by the gallant Japanese general, it cannot be worse than that likely to result from mischievous propaganda of this type in European lands. India, at any rate, stands by herself and does not need foreign aid for the satisfactory settlement of her own question.

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The evidence of Sir Samuel Hoare, so much advertised in the public press, has at last concluded. It is remarkable for its studied omissions rather than for its constructive suggestions. The constitution, according to him, is confessedly to be an imposed one. That constitution is to have no seed of self-development in it. And from what Sir Samuel Hoare says we have to infer that the constitution can only *grow* if its working is such that it incorporates—nay assimilates—the safeguards enacted in it. The safeguards can, he suggests, only disappear if they are made to "fall into desuetude, not because the powers are unnecessary, but because the ministries themselves carry those powers into effect". That may be a fine way of putting it but it carries its own condemnation. Nor is Sir Samuel's idea of the Indianization of Indian Defence any better. On Defence depends the eventual internal autonomy of India. If Sir Samuel is to be believed, graduality applies to defence to such an extent, that Indianization is not to occur for ages to come. Nor is that all. He wants us to believe that Indianization of Defence is also "subject always to the rights of the Princes under their Treaties", Treaties which perhaps may never cease to

exist. Reservation of Defence thus depends on Indianization; Indianization depends on graduality; and the will of the Princes may continue to be a permanent bar to such Indianization! Such is the plan unfolded by Sir Samuel Hoare. The meaning of it all will be plain when it is said that control of Defence is to continue indefinitely in India. It is such a doctrine that will help to create distrust in Indian minds.

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The Moderates have met and have expressed their dissent from the White Paper Scheme. Liberalism has been propounded and has been prescribed once again as the only remedy for the ills of India. The actual remedy they prescribe is "to find ways and means to collaborate with other progressive bodies to focus advanced Indian public opinion on the present situation". The more important question is how far will they themselves be "progressive". That deserves closer attention at their own hands. If their elucidation of it involves no sacrifice on their part and wants only sacrifice on the part of other Parties, then they will never succeed in their aims and objects. They will be like the Nations at the Disarmament or the World Economic Conferences—every Nation asking the other as to what it will give up, all the while firm on yielding nothing so far as she herself was concerned.

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A Party, if it is to succeed in creating a coalition, should show what it is ready to give up more than what it is ready to agree to. Therein lies the secret of the success of a coalition plea. If the Moderates grasped this single fact, they would prove better practical politicians. Politics is a game which two can play. The appeal to an adversary who has made heavy sacrifices wants something more than mere copy-book maxims. It is in coping with such sturdy and zealous patriots that the Moderate flounders. That is why too his policy is suspected. If Party is really the madness of the many for the gain of the few, then the Moderates must beware the repurcussions of their words not only on the leaders of the group to whom they are openly meant but also on the masses.

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It was a fine tribute that Sir Mirza M. Ismail, the Dewan of Mysore, paid to Mahatma Gandhi the other day at Mysore. It was 'opportune' too. The Government of India cannot do worse than try to analyse his words and assimilate their meaning. Never was a government more mistaken than when it antagonized one who was its greatest friend. Grace, goodwill and grand manners would have answered the purpose of the Government of India at one time than all the Ordinances they poured forth on the people of this land. They could have shone better too internationally with a different policy towards the Mahatma. Nor is that all. They would have gained infinitely in the economic and the political fields, not to add the financial as well. The Mahatma is not a spent force. That he will never be. Even his disappearance from the scene may mean no release to the Government. His legacy would be there and that is likely to give greater stimulus to the national movement than ever before. The problem is a psychological one—the man had appeared at the prescribed hour. His success is due to the fact that he represents his age. A Government that cannot realize that fact has to undergo untold misery and inflict even greater misery on those subject to it. Even yet, there is time to retrace the false steps taken. But will the Government of this land take note of an utterance at once frank and suggestive of action? The British Cabinet would do well to realize that the situation can even yet be saved with a change of policy. A Government that cannot own a mistake made cannot hope to impress on the people that the basis of its rule is moral, not physical, force.

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Those who say that the Mahatma has temporarily retired from politics are, of course, mistaken. Politics to him is his vital breath. He does not distinguish it from economic well-being or even social well-being. Since he is out—if he is out—the whole field is open to the rest. The Moderates, the Swarajists and the rest may now try their hand. But only they should know that they will have to take up the nation's movement from the point where the Mahatma left it. That shows the inherent difficulties of the position. A compromise on the political goal is impossible, if we really understand the declarations of the political leaders of the different parties, including even rank Communalists and Moslems. And if that be so, what is the position like? It is one for coalescing by the progressive parties, says the Moderate party leaders. But as we have said, what will be their contribution to the new National Party to be formed? What will be their sacrifice to the common end? It is impossible to think that they have not canvassed this fundamental point. If they have, they should come out and speak out.

Mahatma Gandhi's announced tour of India in the service of Harijans deserves to succeed. It is a tour of some nine months and those who know him, know what it will be—incessant travelling, incessant speaking and incessant work. The tour is worthy of the object and of the great man. The need for it too is plain. The hour has struck for it too. The generality of the people have been awakened to the need for the rapid amelioration of the conditions under which Harijans live and have their being and both Harijans and their brethren the Caste Hindus are ready to listen. Those who belong to the Harijan classes should be the first to imbibe the basic requirement of the situation. They should not antagonize the Caste Hindus. They should take up their own crosses and work for a friendly *rapprochement*. And they should not alienate the feelings of Caste Hindus. In a word, they should realize the problem is one of self-improvement. The spirit of humility is such that it will help to win the stoniest hearts. Orthodoxy is apt to be demonstrative but its heart is sound.

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The United States Gold Plan is evidently causing difficulties. Retaliation is feared. More than that, the position in the Gold Standard countries is reported to be getting increasingly impossible and it is feared they may have to go off from it. French opinion, indeed, is said to regard the Roosevelt plan as one intended to force that result. The agreement with Britain may help to tide the worst evils of the new position. For, at least, one source of potential trouble has been counteracted and measures inimical to the Roosevelt policy circumvented without loss of time. The new Currency truce between the United States and Britain pegs the exchange value of the Pound and the Dollar in relation to each other. This is, no doubt, a tentative arrangement intended to get over the immediate difficulties but it is likely to benefit both the contracting parties. One result of this truce would be that America would pursue its gold purchase policy without upsetting British trade or currency.

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The League of Nations has come in again for a knock. Germany has left her. The world is wondering whether the League can survive after these successive withdrawals. It is clear that the moral foundations of the League are being slowly but surely sapped. The great point, however, in the Covenant of the League is that it is not a Super-State acting above and beyond the States composing it but acting through them. Can a League built on such a foundation possess the sanction required to sustain its decisions and directions? What has become of her decision in Japan v. China? Such are the reflections of the wondering public. Sir John Simon's broadcast tried to repel the implied charge that the Bigger Powers—Britain, France and the rest—were making secret arrangements to the detriment of Germany. That such was at all possible shows how careful should be the attitude of the Greater Powers. Theoretically, the Smaller Powers may be the equals of the Greater Powers, but the latter are always suspect in the eyes of the former, and there is need for the utmost caution on the part of the Greater Powers. Sir John Simon's defence of the friendly attitude of Britain towards Germany makes admirable reading but he does not answer the German point of view as to the attainment of equality. Nor did he convincingly answer the German criticism that the details of the disarmament of the second stage should be laid down in the Treaty itself and that the supervision must be applied generally and not to one or two countries only. Sir John Simon suggests that the step taken by Germany has widened the breach and that the good work done so far by all the Powers has been jeopardised. That may be so, but Germany's larger charge that it was on account of Sir John Simon's statement that she withdrew from the League is one that has to be combated on grounds more convincing than merely referring to the testimony of Mr. Davis, the U.S.A. delegate. It may be a plea that, as Lord Cecil put it, that no one outside of Germany would accept it, but few will dispute the fact that Germany, despite all that has happened since Hitler came in, has been tired out by the Greater Powers. And the result has been what has actually occurred. There is a lesson in that to all that would like to have one. Hope deferred maketh the heart sick.

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The death of Mr. Vithalbhai Patel removes one of the most prominent figures from the public life of India. He was a valiant fighter and a selfless patriot. Of his work as President, it is difficult to speak of it except in terms of the highest praise. He was one of those Indians who would have made good in any capacity of trust and responsibility in any part of the world. In the new India of to-morrow, he would have been a factor to reckon with. In the Government of the country, he would have

occupied one of the most exalted positions. It is a pity that the conditions in this country are such that the services of such men cannot be utilized to the fullest extent. Where men cannot rise to their full heights, there is bound to be discontent. India has been one of those countries which has been ill blest in this respect. Nothing can work worse damage to the Government of a country than the existence of such a state of affairs as this. It verily works its own damage.

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The Anglo-Japanese talk and the Indo-British negotiations have been going on during the past few weeks. Whatever the conclusions reached, they cannot be worked, if they are such as will bar the progressive development of the industries of India. The tariff question cannot be settled without disturbing the whole position of the textile industry. Not only that. It would be futile to talk of what would be real preferences, when the country has no idea of what it might mean in the shape of repercussions in other fields. Those who are proposing things of this kind should educate public opinion first. Secret conclaves are not only inadvisable but also likely to prove dangerous all round.

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The suggestion made by Sir Samuel Hoare about the separation of Burma is something more than a feeler. It is what may be called an indication of how the wind is blowing. His *personal* view may be anything but it reflects a *move* that is likely to disable Burma permanently, if its implications are not clearly grasped. Sir Samuel Hoare has answered, according to himself, 6,500 questions put to him in the Select Committee and he is certainly not incapable of answering a few more about Burma. His dexterity, his suppleness and his quickness would enable him to face many more questions and many more questioners. But the Burmans should beware the net spread before them. Burma "repudiates," as V. Chit Hlaing put it, "the Secretary of State's plea that separation is in the best interests of Burma." If that be so, they should hold fast to that truth, come what may. But Sir Samuel Hoare suggests something more than that; that is where the danger is. We would tell our Burman friends: Federate with India. That is to your interest now and hereafter. If that be so, why talk of a separation in a future age? Let that age take care of itself. The then circumstances will decide that. The Dominions got the separation idea settled long, long after the need for it was felt by them. They now have the right to do so and who can deny their right? Not even Sir Samuel can deny that right of the Burmans of a later age to do what they needed in regard to their Federation. *Think of to-day.* That is enough. Prince Metternich said, "Think not of yesterday, for it is dead; think not of to-morrow, for it is in the womb of future: think of to-day, for it is yours." That is a saying that carries wisdom in its words. Burmans should really think twice before they fall a prey to the cajoling idea of separate existence. They should trust their eyes rather than their ears.

The (London) *Evening News* has the following on the subject of "If newspaper ceased":—

"Supposing that, beginning to-morrow, all the newspapers were discontinued. What a furore the public would make. 'News! News! We must have news or we will be no better off than the ancients.' All right, suppose we give them news but cut out the advertisements. Then you would discover that politics, the doings of society, notices of fires, accidents, deaths, scandals, sports, the activities of the police and criminals add little or nothing to the real comfort and happiness of this greatest age in the world's history. Advertising is the News of all the looms, of all the furnaces, of all the laboratories, of all the shops, of all the stores, of all the world, *and all working for you.* Because of advertising, luxuries and necessities that once cost a king's ransom are yours at little prices. Advertising pits merchant against merchant, artisan against artisan, producer against producer, for your benefit, forcing out the best there is in everything and telling the world about it."

The Dominion Bureau of Statistics at Ottawa, in its report for 1932 on "The Primary Iron and Steel Industry," shows that the production of pig iron in Canada last year totalled 144,130 long tons, compared with 420,038 tons in 1931 and 747,178 tons in 1930. Imports totalled 4,753 long tons, compared with 7,912 tons in 1931, and exports declined from 2,787 tons to 2,029 tons. Production of steel ingots and direct steel castings totalled 339,346 tons, against 672,109 tons in 1931.

Topics in the Journals.

Electricity in Rural Areas.

Basic economic changes in the life of the countryside may take place unnoticed by the town dweller, whose urban myopia perceives the town looming up so large that he tends to confuse it with the whole country, writes a correspondent in the Times Trade Supplement.

This very distortion of vision is a result of our economic unbalance, and quite probably the urban dweller has not yet realized the significance of the national electricity Grid in its potentialities for economic change, particularly in relation to the reconstruction of rural areas. This aspect is worthy of examination, for the planned power network of the Central Electricity Board is an energy reservoir and distribution system which will prevent excessive industrial concentration in the future. It is now practicable to give some attention to regional and local development of industrial, commercial and rural life on the basis of economic power supplies spreading throughout the country.

British agriculture has suffered from the particular conditions in which big manufacturing activity has demanded a large volume of imported food supplies. Arable land has steadily decreased in acreage; while in 1871 there were about 15,000,000 acres in this country, in 1921 there were about 11,000,000. Since the end of the War nearly 180,000 men have left the land; and of this number no fewer than 80,000 left during the past four years.

Importance of Agriculture.

Experience of world crises clearly shows that the agricultural community remains the dominant economic group of the world, and the restoration of this group to an adequate position in Great Britain is essential. This objective must be reached through a combination of factors in which co-operative marketing and more scientific production are primary needs. It is significant that the preparatory commission of experts to the World Economic Conference accepted and recommended the principle of planned production and marketing in agriculture. In planned production are included more efficient production methods which imply a greater degree of mechanization of farming processes and cheaper production. For Great Britain this means the most effective use of the national electrical power network.

No intelligent supply engineer disputes the increased national efficiency and economy of power generation under the Grid scheme compared with the chaotic conditions of the past, whatever may be his private regrets at the change for many authorities from the function of generation to that of distribution. Those supply authorities who appreciate the true import of this change are actively co-operating with the Central Electricity Board and with the Electricity Commissioners in making plans for developing rural areas. In these plans the provision of cheap power has three important objectives: the electrification of the village to provide urban amenities, the electrification of farming processes to give more economic production, and the attraction of manufacturers to form more populous nuclei and to provide valuable basic power loads. Such basic loads enable the local supply authorities to quote their rural consumers moderate charges and hence encourage development at a faster rate than would be feasible with a demand of a purely rural character.

In the pre-Grid period electricity supply companies secured sufficient load from thickly populated districts, and few undertook to invest capital in supply lines running over less densely populated areas which had smaller possibilities of a profitable return.

The new electricity network contains 1,600 miles of secondary transmission lines, distributing at 66,000 volts and lower pressures, as well as 3,000 miles of main power arteries of 132,000 volts pressure, so that the opening up of rural areas has been made easier for the supply companies.

Consumption and Costs.

As to the economics of supply, it is important to maintain low capital costs in development because the consumption per head is comparatively small in rural areas. The revenue obtainable is moderate at the outset although potentially large; overhead line distribution is unavoidable owing to its lower costs in comparison with underground cable. The population density of rural areas in Great Britain averages 115 persons per square mile, compared with 4,900 for urban areas; hence the cost of distribution line per subscriber becomes a much larger item in rural districts. To reduce these costs in any rural development scheme, savings have to be effected through advance planning of a whole area instead of partial development with extensions carried out when necessary. The construction of an entire local system in one contract ensures economies; the use of standard distribution pressures and the simplification and standardization of equipment increases such economies appreciably.

In those districts where an urban demand already exists the supply company is able to develop rural load as a supplementary demand, and where one large consumer exists in a rural area there is a parallel condition; but the really big task is the electrification of wholly rural districts which lack these aids.

A study of Great Britain's surface shows that 82 per cent of the total area of the country is agricultural land, carrying only 22 per cent of the total population within its confines. Rural industries are few and generally undeveloped. There are 47,600 square miles of arable land and permanent grassland, most of which is already within the area of local supply authorities. The character of the soil varies, but it has been authoritatively estimated that where one-quarter of the land is arable an electricity supply can be provided with prospects of a profitable return to the electricity supply undertaking.

Naturally, the varieties of rural area represent wide differences in potential demand. Arable and dairy farming districts provide valuable load when properly developed; there may be a number of large villages evenly spread throughout an area, and such local industries as milling, woodworking, brick works, saw mills and quarries may be present. The experience of advanced authorities during the last few years indicates that is it now commercially practicable to undertake electrification schemes in these are as and in areas which are wholly rural in character. The recent development work of the Corporations of Chester,

Aylesbury, Preston, Bedford, and Norwich, and of the Yorkshire Electric Power, the Lancashire Electric Power, the North Eastern Electrical Supply, the Clyde Valley Power, and other companies, has demonstrated this fact.

Provided a planned scheme is undertaken in a sufficiently large area and commercial policies are adopted rural electrification can be successful. By commercial policies is meant the provision of an attractive two-part tariff, which includes a low unit charge—preferably 1*d*., or at the most, 1½*d*.—coupled with the provision of assisted wiring schemes, hire and hire purchase of apparatus, efficient maintenance service, and attractive propaganda and demonstrations.

PRICES TO CONSUMERS.

The price charged to the consumer will depend to some extent upon the three factors :—(1) The capital needed to supply adequate service in an area ; (2) the extent of consumption of electricity ; and (3) the nature of supplies given. Investigations by the *Electricity Commissioners into 1930 figures showed* that the average over-all price paid by farms in 200 rural areas was 2¼*d*. and by domestic users 3*d*. per unit. Factories in these areas paid less than ¾*d*. a unit.

The greater the consumption the lower is the cost per unit—a fact which will influence the growth of future demand. *Since 1930 important developments* have been initiated by a number of supply authorities throughout the country, and the price level will decrease as the Grid tariffs for bulk supply come into operation. These tariffs cover entire scheme areas and *are uniform* in method and in application ; they are already operating in Central Scotland and Mid-*East England.*

The rapidity with which the farming and village communities have taken advantage of planned electrification schemes indicates that they appreciate the possibilities of power usage ; the field is potentially big, *for there are only* 4,000 *farms using electricity* out of a total of 418,000. An interesting example of radical change in rural conditions, illustrating the keenness of the rural dweller, is seen in the Dumfries area in South Scotland, a scattered farm district where oil lamps are in general use. The Dumfries County Council have recently put in an ambitious electreity *supply system based on the new Grid supply in South* Scotland. Of the 14,000 dwelling houses which the county possesses more than 11,500 have been visited and 2,500 applications for current have been recorded.

It is quickly realized that electric light in the farm and farm buildings makes for convenience in working and increases over-all efficiency. Electrical power on the farm has proved itself economic for the majority of operations, the electric motor being a useful all-round worker, free from the disadvantages of earlier forms of power. In dairy farming and poultry farm*ing rapid progress* has been *made in electrification* of processes, securing appreciable reductions in costs.

As the electricity supply companies initiate more active development policies in rural areas the full benefits of the national Grid will be realized, and a measure of rehabilitation will take place, strengthening the national agricultural community. This movement, *primarily a power application* to farms and villages, has a greater objective in the reconstruction of rural life. Local and regional devlopment, repopulating the countryside, can be greatly helped by advanced policies of economic rural electrification.

The Manufacture of Graduates.

Next to the late Sir Ashutosh Mukherjee, Sir Prafulla Chandra Ray has been the foremost Bengali educationist of our time. In his book, ***Life and Experiences of a Bengali Chemist***, he states in uncompromising fashion his views on the unsatisfactory position into which higher education has drifted in Bengal. Sir Prafulla, who is now a septuagenarian, has set his face, says *The Times Educational Supplement*, steadily through his public career against the too literary character of university education and has dwelt on the necessity for the development of industries as a means of checking the flow of middle-class unemployment.

The subject is one on which he is entitled to be heard. He has done most valuable work in creating *a school of chemical research in Calcutta and thereby* has exercised a wide influence on the progress of science in the whole country. He has done some useful research work himself, and his *History of Hindu Chemistry* is the standard exposition of the attainments of ancient India in chemistry. Another achievement of his is the establishment of the Bengal Chemical and Pharmaceutical Works, an important and successful industrial enterprise. For many years he was Professor of Chemistry in the Presidency College, Calcutta, and still is Professor in the Calcutta University College of Science. An extremely unselfish *man, he lives in a simple way and devotes a large* amount of money to helping poor students.

Sir Prafulla Ray's criticisms of education in India are coloured by an intense and indeed vehement Nationalism ; but when every allowance is made on this account his indictment is impressive. In particular he condemns what he terms the insane craze for University education. He attributes "the feverish thirst for an academic hall-mark" to the ingrained belief of students and especially of their guardians that a University degree is the only passport to a good job under Government or to a professional career in law, medicine or engineering. He estimates that the market value of an average graduate, taking into *consideration the vast* number of unemployed, does not exceed Rs. 25 (£1 17*s*. 6*d*.) a month. No doubt there is emotional exaggeration in the statement that barely 1 per cent of the graduates are successful in life in the worldly sense. "while thousand *rushed to their doom thoughtlessly*".

When studying chemistry at Edinburgh University in the middle eighties Sir Prafulla Ray joined of necessity in the Spartan life of many of his Scottish contemporaries. He paid 12*s*. 6*d*. a week for a fairly furnished sitting room and bed-room with no extra charge for the ample heating provided, and with the *facility of* breakfasting substantially on porridge for a penny. It follows that he has every sympathy with the poor student who perseveres through a college course. But he declares that the "mania" for securing a degree has been working infinite mischief—"it has become almost a canker eating into the very vitals of intellectual life and progress." He finds that the average young man turned out by the universities "betrays a lamentable lack of initiative, resourcefulness and pluck when he is thrown upon the world

and has to fight his way through it." In public utterances he has not hesitated to say that the degree only serves as a cloak to hide the degree-holder's ignorance.

Sir Prafulla Ray is sometimes taxed by winners of academic distinctions with being unfair to them. They ask if he wants them to be "so many Marwaris"—the Marwari having the reputation of being a soulless business man exacting the last pie from poor creditors. Sir Prafulla's answer is that he wants nothing of the kind. What he deprecates is that every lad should make it his ambition to be the possessor of a degree. Year by year between 25,000 and 30,000 students prepare for degree examinations under the University of Calcutta and some 2,000 more under that of Dacca. Of these "not more than two or three per cent can never be absorbed in the services or the professions." If by some process of elimination only a picked number, say one-tenth, went up for the degree, even then there would be more than enough to provide for any seasonable demand. Sir Prafulla Ray commends the suggestion of the Hartog Committee of the Simon Commission that Government should abandon the requirement of a university qualification for all appointments in which it is not really needed. The Committee held that for purely clerical appointments (and these are legion in India), Government examinations comparable with the examinations of the Civil Service Commissioners in England, and specially designed for the purpose they are intended to meet, might replace the requirement that candidates for these appointments should possess a university degree. The Committee pointed out that the overcrowding of universities and colleges by men of whom a large number fail and for whom there is no economic demand has vitally affected the quality of university education.

On the subject of the overcrowded state of the legal profession Sir Prafulla Ray makes some remarkable statement. At the Alipur Bar there are nearly 950 lawyers, all holders of degrees. He has been assured by some of the successful practitioners that not more than 10 per cent of them can earn a decent living. At Barisal, he was told by a responsible authority the average earnings of a pleader do not exceed Rs. 15 (£1 2s. 6d.) per month taking into consideration the vast number of starving briefless members.

Can Gold be a Fixed Price Standard ?

Prof. Gustav Cassel, the great Swedish Economist, writing in the *British Trade Review*, says :—

The present economic position throughout the world is so hopeless that all countries and all classes of people are directly interested in a clearing up of the position. That is why we are to have the World Economic Conference. At the same time the position is so complicated that it can be understood only after an analysis which separates the several principal factors of this problem, and tries to discover their nature and importance, and which at the same time considers measures whereby the separate bad effects possibly could be reduced.

Practical business men, who are trying to find a basis on which to form an opinion on the economic situation are smothered by an enormous volume of literature on the subject, and it is not to be wondered at if the many and partly contradictory opinions make them confused. One principle must be established from the beginning and that is that only such research is to be taken into consideration which aims at clarity and examines the problem in its many aspects from this point of view. All the ballast of writings on this subject which may exist between the separate factors should be put aside.

INTERNATIONAL MONEY POLICY.

The most important question from a practical point of view is this : What influence has the international money policy had, and is still having, on the present depression ? This question is so important and fundamental that it must be treated separately. There is no hope whatever of arriving at a conclusion if we speak at the same time of all the other factors which may possibly have influenced the economic development or if we are satisfied with finding that the development is the result of the combined influence of a number of badly understood factors. It is true that a totally inadequate supply of means of paying, and the resultant downward movement of the price level of commodities, have had a substantial influence of other disturbing factors. Nor do we wish to deny the possibility that this depression may have been caused to a certain degree by the general and by now well-understood laws governing the general situation and its movements. Those who are studying this very complex question and wish to analyse the monetary aspect of the present situation are perfectly aware of the importance of other contributory factors. They admit freely that these factors are receiving their fullest attention.

The first point which must be cleared is that a universal falling of the prices of goods always means an increased value of money, and that this can only be explained by an inadequate supply of money. This inadequacy is, of course, relative and must be judged in relation to the continuously fluctuating demand for money. It should, however, have been possible to discover the means of providing a supply large enough to prevent a general drop in the prices of goods. If a general fall in prices occurs, then this is proof that this task has either been neglected, or that no means were discovered. Therefore all the reasons which have been advanced as explanations of the depression are sheer nonsense.

AXIOM THAT REMAINS TRUE.

A general drop in prices is always purely a matter of money supply. This axiom remains true, even if we remember difficulties which may arise when, for instance, such great amounts of money have to be found suddenly, as the degree of the fall in prices make necessary. Such difficulties are essentially and solely a question of money policy. Every practical business man knows that it is most important for the stability of the economic position, if it is possible to maintain the general level of prices, apart from all the relative and unavoidable fluctuations. It is, therefore, necessary to realize that the maintaining of a permanent price level is a task belonging to the money policy. Many authors say that this programme is to a certain extent arbitrary, inasmuch as the general level of prices is a statistical definition which can never be ascertained with precision. We may, however, leave this clever dictum to itself. For it is the great practical problem to create money conditions which have a sufficiently satisfactory inherent stability. This can be done by first agreeing upon adequate prices, and then applying them as standards for the stabilization. According to this plan it would evolve upon the Central Bank to provide sufficient money to maintain the price level for commodities.

A UNIVERSAL PROGRAMME.

It is objected that this programme is arbitary, and that it could be advantageously replaced by other methods of procedure, to be adopted by the Central Bank. Certain authors have put forward the most subtle arguments pruporting to show the advantages of replacing the stable price levels by a level which would be lowered in relation to increases in production. Such a scheme can hardly be upheld, because it does *not take into consideration the fluctuations in wages*. Above all, however, such agreements are impracticable because they can never lead to a money policy upon which the different nations and the Central Bank could agree.

A universal programme must be much simpler, and it is not possible to find a simpler aim than the constant level of prices. There are other authors who propose to neglect the regulating of price levels altogether, and are satisfied to make a few general remarks on the aims of a Central Bank. It is, for instance, asserted that the "Central Bank should help commerce and industry," or see to it that *commerce and production should develop in as close* a relation as possible. Such forumlas have neither sense nor value, or else they give us quite a wrong idea of what a Central Bank can really do. In a small country with gold standard, a Central Bank can have no other task than that of maintaining the valuta at the prescribed parity in relation to gold. This task, therefore, determines the policy of the Central Bank. No others are of importance.

GET RID OF FLUCTUATIONS.

In large countries there is the additional fact that the money policy of such countries is bound to have a direct influence upon the gold market, and thereby on the price of gold. The question therefore arises as to now this influence should be taken into account. The answer is the one which I gave already in May, 1928, to the Bank Committee of the United States House of Representatives. The Bank, in collaboration with other Central Banks, shall use its influence *upon the value of gold in such a way that all* unnecessary fluctuations in the valuo of gold are avoided. Now as the value of gold can only be measured with the help of the general level of prices of commodities, this programme includes the task of keeping this price level constant.

In view of this logical deduction all the argumenta that this programme is arbitrary, become idle. Besides, what alternative can be suggested? The gold valuta itself makes the regulating of the prices a necessity in the sense that a standard price in gold must be established for an arbitrarily chosen commodity—*i.e.*, for a commodity which is subject to unforeseen *and arbitary fluctuations*. We have had so many examples of the terrible fluctuation of gold values, that the old fiction of gold as a fixed constant standard can no longer be accepted as true. It is now a recognized truth that if the gold standard has to be maintained in force, great efforts will have to be made to give gold a far greater stability than it has hitherto had. The world must get rid of these fluctuations of an incontrolled gold valuta system, if a greater stability of economic conditions is to be obtained.

The U.S. Banking Act of 1933.

Apropos of the Reserve Bank proposal Messrs. Premchand Roychand and Sons, in one of their recent reports, write thus on the Banking Act of the United States:—

There have been vague messages to India about the Glass-Steagall Banking Act which is officially *known in America as* the Banking Act of 1933. The new Act is a very lengthy document but its more important provisions are as follows:—

After July 1936, all stock-holder banks must be members of the Federal Reserve System. First comes provision for the insurance of Bank Deposits. For this purpose a Corporation is established whose stocks shall be subscribed by the Treasury and by the Federal Reserve Bank, with minor subscription from allo ther banks at the rate of half of one per cent of their deposits. From January 1 next, deposits upto *$2,500 will be insured in full. From July 1 next* deposit upto $10,000 will be insured in full. Amounts *in excess of that and upto 50,000 will be insured at* 75 per cent deposits higher than $50,000 at 50 per cent.

Commenting on this insurance system the National City Bank of New York states:—"The establishment of deposit guarantees or insurance in this country has always been regarded with apprehensions, in view of the failure of the system in eight States where it has been tried. The fundamental objection to the plan is that it makes good bankers responsible for the losses of the poor ones, and naturally this is more *likely to eliminate the former than the latter*. It makes all banks equally safe for depositors and hence relieves the public of responsibility in the choice of banks. Thus it puts the burden of maintaining sound banking upon regulation by the Government, and takes it off the public, which should bear part of it.

"The element of character in the choice of a bank is eliminated, and the competitive appeal is shifted to other and lower standards, such as liberality in making loans. The natural result is that the standards of management are lowered, bankers may take greater risks for the sake of larger profits, and the economic loss which accompanies bad bank manage*ment increases*.

All the arguments for the system are based upon the assumption that there will be no increase of bank failures because of it, and this assumption is fallacious."

Another important clause in the Act prohibits payment of interest by member banks on demand deposits. This rule was in force from the middle of June last and has already caused a shifting in bank deposits and short-term investments since that date. Regarding this clasue the National City Bank states:—"*The elimination of all interest on* demand deposits may induce many banks, industrial *corporations and others who have been accustomed* to carry large cash balances in the money centres to shift a portion of their funds into U.S. Government and other securities; and if deposits are contracted banks will find it necessary, other things being equal, to contract their investments and loans, the practical effect being to transfer bank investments into private hands. This may appear to be merely a shifting of funds, but may have unintended consequences."

"At present the rates on short-term Governments, which doubtless would be favoured investments *for depositors making such shifts are so low that* the shift is not encouraged. However, the time *may come when rates will induce greater transfers*. Thus over a period of time there may be built up a body of short-term credits, invested principally in Government securities, outside of the regular

banking system; and neither protected by banking reserves nor subject to control by the banking authorities. Like the call loans that were made in 1928 and 1929 by lenders other than banks and were a major factor in financing the stock market boom, but which at the first sign of the trouble were hastily called for payment, the funds that may be diverted from bank deposits into short-term investments are strictly *fair weather money*. When they are needed by the owners the investments will have to be sold, and if a large number of individual lenders, who do not have any responsibility for the money market, such as bankers and banking systems are expected to have, should decide to withdraw their funds at the same time, a shock to securities market would be inevitable."

The Act authorizes the Federal Reserve Board to withhold Reserve Bank credit from a bank when undue speculative use is made of its funds, and to fix the percentage of a bank's capital and surplus which may be represented by loans secured by stock and bond collateral; and if a bank borrowing from its Reserve Bank shall increase its loans on such collateral after official warning to the contrary, its obligations to the Reserve Banks become immediately due and payable. The Board for cause may remove officers and directors of member banks from office.

The Act requires the divorce by member banks of their security affiliates within one year, and prohibits any person or institution engaged principally in a security business from receiving deposits.

The Act extends to national banks, whatever branch banking privileges may be enjoyed by State banks within the same State, provided that no bank with a capital less than $500,000 may establish a branch outside of its own city.

Under the Act the Federal Reserve Board is directed to limit by regulation from time to time the rate of interest which may be paid by member banks on time deposits. Deposits payable in less than 60 days are classified as demand deposits.

Future of World and National Economies.

In the *Indian Journal of Economics* for July 1933, Professor V. G. Kale has an arresting article on the future of *World and National Economies*. He writes:—

Experience of the past few years shows clearly unmistakable signs of a strong reaction in the spheres of internal national policies and international relations against Liberalism and extreme forms of Socialism and likewise of a drift towards economic nationalism on all hands and a deliberate jerk in that direction in certain instances. There is, indeed, no doubt that nations still feel the indispensable need of concerted action to attain the common purpose of finding means to lift the world from the cataclysmic depression into which it has been thrown. The very meeting of the World Economic Conference in London is sufficient proof of this. The reports of the proceedings of the committees of the Conference received from day to day, however, indicate what a wide gulf is fixed between the undisputed general desire to come to an agreement on the common action to be taken and the conflicting viewpoints adopted by different nations as to the specific measures designed to reach the objective. Divergence of opinion is, of course, to be expected when representatives of the nations of the world meet to thresh out problems of world-economy and to fix their contribution to the output of joint decisions. Questions like those of the gold standard, the fixing of the exchange ratios, the future of silver and tariff policies are certainly bound to be viewed differently by different nations, and understandings and compromises on them become inevitable. But a careful observer will not fail to notice that there is much more here than appears on the surface and to the first view. The London Conference did not meet, it should be borne in mind, to discuss one or two specific issues, though certain countries may be particularly interested in securing an international agreement on a question here and a question there. For instance, a rise in the level of prices is desired by all, and so is stabilization of exchanges; and yet the methods of achieving the ends may be differently emphasized by different nations. But the real problem before the Conference was, in effect, the rehabilitation of world economy and the readjustment of international relations, though it might not appear in this light even to those participating in its deliberations. That the total breakdown of the Conference should have become possible, even in its initial stages, cannot but point to something fundamental in the make-up of world-economy having been touched in the course of negotiations on apparently minor issues.

There is a feeling in certain quarters that economic nationalism is the worst and probably the only real stumbling block in the path of world recovery, and that all that is needed to put an end to unemployment and to restore industrial and trade prosperity is a return to the pre-war conditions of international economic relations, particularly in the matter of tariffs, movements of gold and capital, and the unrestricted exchange of commodities. It is forgotten, in this connection, that the very structure of world-economy has been radically altered and the old international economic relations have been fundamentally changed as a result of the Great War and of the territorial, political and economic arrangements effected by the Treaty of Versailles. The London Conference was precluded from discussing large issues like German reparations and inter-allied debts, and was restricted to the deliberation of what are, after all, temporary devices and superficial remedies. This may probably be justified on the ground of the delicate political relations of nations towards one another. But even the committee of experts which drew up the annotated agenda of the World Conference had to utter a warning against optimistic expectations unless certain conditions were fulfilled. In respect of the extensive programme it had drawn up the Committee stated:—"We would not give the impression that the adoption of this programme could deliver the world at a stroke from the difficulties under which it is now labouring. But if the Governments are prepared to undertake it, and also to settle political questions which lie outside the scope of the Conference, we believe that confidence and prosperity can be restored." Unfortunately both theorists and politicians are blind to the new trend of thought and policy around them, and delude themselves with the brief that somehow or other the pre-war economic equilibrium, national and international may be restored if the panacea of unrestricted trade were adopted. As a matter of fact, the pre-War world-economy is incapable of revival in its old familiar form, and nations have to recognize that

they can only make the most of the altered conditions and changing political and economic ideas and policies in the various nations.

Whether one likes it or not, the Liberalism of the last century, both in Politics and Economics, has lost ground almost everywhere and strong opposite currents are visible on all hands. It has been deliberately repudiated in certain countries, and Fascist organizations and dictatorships are the order of the day. This revolt from Liberalism, whatever its ultimate end may be, means severe restriction of individual freedom to carry on economic activities and the control of trade and industries by an all-powerful State. And it appears as if a new epoch in the history of the political and economic development of the world had opened, and that the familiar solutions of international difficulties were no longer applicable and effective. Fascism is opposed to Liberalism and Socialism both. To the former, because it reduces the State to the position of a collection of independent atoms and thus renders it weak, and to the latter, because it divides the community into two warring classes with a similar undesirable effect. It conceives the State as an organic personality which cannot be divided without disastrous results. *As an opponent* of Liberalism and Socialism, Fascism is likewise anti-international. It is born everywhere out of national sentiment, and it is as strong in countries defeated and conquered as in the victorious. It *does not tolerate free competition, the life-breath* of Liberalism, and cannot permit the class war of Socialism.* Would it not be futile to seek to rebuild world-economy on foundations which have been shaken by the assault of such new ideas and new policies disclosed in the political and economic movements which are taking shape before our eyes? To a nation like England, whose very existence is dependent on the free movement of goods and services between countries, there is no escape from a conception of world-economy in which there is no place for self-sufficiency as a means or as an end of national economic policy. As Andre Siegfried points out in his work on "The English Crisis,"† whatever changes may be effected in British economic policy, it must continue to be essentially based on three indispensable principles, *viz.*, free intercourse and exchange of goods, control over the raw materials of the world, and the system of international financing. A close study of the developments which have taken place in England during the past few years leads the author to the conclusion that the attitude of that nation must ever remain international, and that a radical departure from it is unthinkable. He believes that England, as a leading European Power, attached to the Continent, is an idle dream, and still England as a closed Empire is a Utopia. *According to him the vitality and* the pliancy which characterize the British people will save them from the ruin which a radical change over to a new policy is sure to bring on them.

The attachment of England to the pre-war system *of world-economy is perfectly intelligible*, and that nation's capacity for adjustment to changed conditions is well recognized. But the faith in the "naturalness" and eternity of that economy, which was so virile and common in years past, no longer holds. The bitterness of feeling evoked by the misery which has been the sad lot of nations during the post-war period is reflected in the resolute refusal of many thinkers in them to believe that the world can be restored to pre-war economic conditions, internal and international. For instance, Edgar Salin‡ says:—"Free trade, free flow of capital, and the gold standard were the lines and the principles along and according to which England ruled over its empire and the world. As the War shook the leadership of England the possibility of that nation exercising world control in accordance with the business morals of a gentleman trader is gone by; and, with it, has passed away the possibility of the extension of the life of the old system of world-economy. Because this world-economy was English. Among its essential elements was the *Pax Britannica*, the faith in the imperturbability of the English monetary standard and the confidence in the English trade morality." But what is to take the place *of the world-economy of the old style? The future* is not for Individualism, Liberalism or Socialism; but it is for national states in which economic activities occupy their proper place, namely, of subordination and service to the national community. *National states will attempt to make their people* self-sufficient as far as possible, and will come to some sort of agreement among themselves as regards matters in which contracts and concerted action may appear to be necessary. The old style world-economy was founded on the relations of businessmen and their groups, left to carry on economic activities for their own profit, irrespective of the consideration of their effects on other members and sections of the community to which they were politically subject. This was found to be detrimental to the best interests of large sections of communities and of nations taken as political communities, and the experience of post-war years has emphasized the disadvantages of the old system; hence the powerful reaction against the individualism and the internationalism of the Liberal and Socialistic *schools and the growth of the organic conception* of the national state, co-ordinating, regulating and controlling economic activities of individuals and social groups.

It may be recalled that List and the Historical *School of Political Economy led a revolt against the* individualism, the cosmopolitanism, and the abstract method of thinking of the Liberal school, with appreciable effect upon the development of national policies and of economic science. It appears as if we are witnessing a similar phenomenon at the present moment when a wave of political and economic nationalism is passing over the world. The two dissident schools mentioned above, it has been said against them, supplied a new background and a new outlook and suggested a new method, but made no solid contribution to the growth of economic thought, the latter school in particular. The "Universalist" school, led by Professor Othmar Spann§ of Vienna, is attempting to make good this deficiency, and the Fascist theorists of Italy, and the Nationalist-Socialist school of Germany are now taking up that work. These have been working out a social and political philosophy and formulating principles on which states and communities should be

* See *Internationaler Fascismus*—Verlag: G. Braun Karlsruhe.

† *Die Englische Krise.*

‡ Edgar Salin: *Wirtschaft and Staat.*

§ See *Standisches Leben*, a monthly journal devoted to the teachings of the school.

reconstructed and the mutual relations of individuals and of those to the national state should be determined. National states, internally organized for self-sufficiency and self-defence, are to form suitable groups and to constitute the world-economy of the future blocks of states such as Great Britain, France, Central Europe (including Germany and Italy), Russia, Japan, the United States of America and South America. In peace these blocks of states will exchange surplus manufactures and raw materials with one another and in war will be ranged as allies or enemies. According to some thinkers, *e.g.*, Othmar Spann, the ideal world-economy will consist of national states, having towards one another organic relations just like those subsisting between members of a notional state. The National Socialists, who have recently won a political triumph in Germany, are opposed to Liberalism on account of the latter's atomic conception of the individual and to Socialism for its disallowance of the right to private property. They complain that in the hands of the Liberal school Economics has become the science of private or individual economy and world-economy; and a study and exposition of "national economy" has been neglected, and even repudiated. "The idea of national economy as applying to an economic organism as an independent and fundamental community is impossible for Liberalism to conceive because, according to its view, a nation or a people is an accidental collection of individuals and by no means a basic organism of human beings that carries on the development of humanity." Attempts are, therefore, being made to define wealth and value in accordance with the new conception of nationality and the national state.*

We have discussed at length, prevailing scientific ideas about world-economy elsewhere.‡ If by world-economy we understand "a community of the people of the world whose mutual economic transactions are promoted by highly-developed means of communications and transport and by international agreements effected by states" then that form of economy must continue to exist even under the influence of the new political and economic philosophy unless each nation shuts itself off from others completely so as to have no intercourse with them which is impossible. What will happen then is that there will be a quantitative and a qualitative change in the economic transactions between nations. The volume of international trade will shrink, and the standard of living of the classes composing different communities and of nations, taken as units, will be materially modified. The one-sided development of nations brought about by the pursuit of Liberal policies on the principle of the so-called division of labour will be checked and internal trade, agriculture and small-scale indigenous industries will be encouraged. As a result, a new equilibrium of international relations will be established. States will interest themselves more and more in the direction and control of national economies for the defence of their national cultures and well-being as well as of political independence; and the hope that the greatest good of the greatest number was to be achieved by individuals being left free to pursue their private ends will be sorely disappointed. The new alignment of world-economy is largely due to political causes whose influence on economic developments was severely ignored by Liberal economic theorists, and its future will be largely determined by the same forces which have received accession of strength from the experience of post-war years. Will the fresh outburst of narrow and aggressive nationalism further confound the confusion into which the world has been already thrown by the War and its aftermath is, however, the question which is troubling the mind of most people. The pre-war liberal, political and economic order, it must be noted, did not prevent the most disastrous world calamity history has known, and now desperation and the mischievous desire to benefit by confusion may drive people to any mad act. The political atmosphere in Europe, in spite of the Disarmament and the World Economic Conference, is far from reassuring in this connection. A Memorandum submitted by the German delegation to the latter Conference at an early stage of its deliberations, but promptly withdrawn, contained statements which are extremely significant. The Memorandum gives expression to the Nazi economic faith thus:—"World business consists in the intercourse of independent neighbouring national economic units. Each national unit must naturally, first of all, restore its own order. Whoever thinks that single national units can only be cured by international means sees things upside down. The network of international finance constitutes the main cause of the breakdown of markets." The Nazis, however, want to go much further than achieve national unity and welfare. Their ambition is not only national but racial, and seeks the leadership of Central and Western Europe. They say:—"Prices, goods, credit, business, etc., are all secondary concepts compared with the free creative humanity of the Western peoples which they have inherited from their fathers. We are combating for this concept; if we go under, the other Western people will go under with us or after us." This is the language of racial aggrandisement and not of economic nationalism. Due recognition of internal organic relationships of economic units governed by states is one thing, and justifying racial domination and conquest is another. The world has already suffered sufficiently from individualistic capitalist imperialism and the reaction against it cannot be allowed to have the same results, only in another way.

Such aberrations apart—and no one will be deceived with regard to them—national consciousness and the feeling of national solidarity appear to be the spirit of the age; and close observers cannot fail to see that even nations like England, strongly and instinctively imbued with Liberalism in economic as well as political matters, have been deeply affected by it. Will the resultant shrinkage of world-economy mean diminution of the well-being of humanity, or will it mean its better distribution? Economists have to take note of the new trend of thought and development and to interpret them.

Educating Russian Minorities.

The Czarist Government was afraid to educate the oppressed Nationalities. At the Conference of Monarchists in Moscow in 1906, a priest explained that the Tartars were the most loyal towards the Czar because they had no newspapers of their own, nor any intelligentia. The Soviet Union is, says the *New Leader*, following exactly the opposite policy. It

* Dietrich Klagges; *Reichtum und soziale Gerechtigkeit.*

‡ *Problems of World Economy.*

is extending education as rapidly and thoroughly as possible. The determined way in which it is doing it is indicated in its expenditure for this purpose. The following table gives the expenditure per person during the year before the War and last year:—

	1913-14.		1931-32.	
	Roubles	Kopeks	Roubles	Kopeks
Azerbaijan ..	..	83	32	60
Uzbekistan ..	..	25	28	26
Turkmenistan ..	..	60	37	0
Russia (R.S.F.S.R.) ..	2	83	11	90

The high expenditure on education per person in the National Republics is explained by the fact that all the cultural work there has been built up from nothing. It has been necessary to erect the school buildings and provide all the equipment.

Growth of Learning.

In Middle Asia before the War, there were only 123 schools with 6,200 pupils. In 1932 there were 6,975 schools giving education to nearly 700,000 pupils, of whom the Nationals were 80 per cent. It is interesting that 35 per cent of the pupils were girls. Universal compulsory education has been introduced. In Armenia there were 47,000 pupils in 1919: last year there were 216,000. High school education is being steadily developed. In 1928 there were two high schools in Middle Asia with 2,500 students of whom 50 per cent were Nationals. In Armenia there were no high schools before the Revolution. Now there are nine, with 7,600 students. Similarly, remarkable figures could be given for all the nationalities. A parallel development has been the extension of the Health Services in the National Republics. A few figures will indicate this. Before the Revolution in Tchouvachia twenty-eight children in every 100 died in the first year; by 1932 this figure had been reduced by 50 per cent.

Nomadic Schools.

In the Far North before the Revolution some of the tribes were dying out at the rate of 10 per cent a year. Now there is a constant increase in the population. One million people live in the Far North, divided into 26 nationalities. The territory is sub-divided into 9 districts, in each of which there are large cultural bases, consisting of boarding schools, hospitals, radio stations, co-operatives, and clubs with cinema halls. The cultural workers of the North have a special "Institute of the Northern Peoples" in Leningrad, where 500 students, all Nationals, are trained.

Some of the schools in the Far North are nomadic. The reindeer breeder cannot live constantly at one place. As soon as the reindeers have consumed the moss beneath the snow, the tribe must move to another pasture. Together with the tribe go the teacher and his pupils. These teachers are among the practical enthusiasts trained in the New Russia.

Fourteen of the Northern Nationalities had no written language, and for them alphabets have been elaborated and primers printed.

One of the hindrances towards the growth of literacy and culture among many of the Nationalities has been the complication of the Arabian and Chinese alphabet. Because of this, education in the East had become the monopoly of the Mouls and Llams and of the Moslem and Buddhist priests.

The New Alphabet.

These difficulties have been overcome by the Latinisation of the alphabet—a work carried out by the Academy of Science. "In 1927, in the Caucasian Republic," writes Louis Fisher "Arab A, B, C, was discarded, and the Latin alphabet introduced. The same reform has since been copied by Turkey. Literacy immediately bounded upwards. Previously it took years to learn the involved characters. With the new alphabet adults master reading and writing in a few months."

The Latin alphabet, based on the spoken language of the masses, has become a powerful conductor of cultural revolution. The simplicity of the new alphabet has permitted a great increase in the speed of education. The progress in education is indicated in the following figures of those who learned to read from the new alphabet 1929 onwards:—

	Persons.
1929	1,520,000
1930	2,930,000
1931	6,000,000
1932	9,000,000

Sixty-eight nationalities now use the Latinized alphabet. The Chinese, Mongols, Buriots and Kalmjiks have substituted it for their hieroglyphics; the Turks, Tartars, Bashkirs and Tadiks have said goodbye to their Arabic characters. For forty-two nationalities a written language has been created for the first time.

In order to publish literature in the languages of the National minorities, a special publishing house, "Controizdat" the biggest in the world, was established in Moscow in 1923. It publishes books in 68 languages. Between 1923 and 1931 it issued 7,738 books with a total circulation of 509 million copies.

Newspapers.

In recent years forty publishing houses have also been established in territories of the Nationalities. Great attention is given to text-books and technical literature. In Azerbaijan last year 1,289 books were published with a circulation of 9½ million. In White Russia 2,738 books were published, a circulation of 1,800,000. Even in Turkmenistan 592 different books have been published.

Newspapers are also being issued. In the four Republics of Middle Asia 123 newspapers in fifteen languages are issued. In the Usbek language there was only one newspaper prior to the Revolution; now there are thirty-six. In the Tajik language there were no newspapers; now there are twenty-two. In the Turkmenistan there are six newspapers with a circulation of 24,000 copies. In White Russia 13 central and 64 local newspapers are published, and 30 periodicals. In Armenia, 17 periodicals and 56 newspapers are published. In the Ukraine, newspapers are published in the languages of National Minorities: Polish, Jewish, German, Moldavian, Bulgarian, Greek and Tartar. The Revolution has radically changed the position of women in the Eastern Nationalities. The first laws against abduction, ransom, forcible marriage, polygamy and child marriage were enacted by the Bashkir Republic in 1920 immediately after its territory was cleared of the White Armies. By 1923 these laws had been accepted by the other Republics.

Education among women has spread tremendously. In the schools of Azerbaijan (the former province of Baku) there were 1,862 Turkish women before the War. Last year there were 107,000 Turkish women in the Soviet co-educational schools, and tho during last twelve years the number of Turkish women who have learned to read is 220,000.

Recent Economic Publications.

World Economic Survey, 1932-33.

League of Nations, Geneva. Price Swiss francs 7.50; 6sh.; $1.50.

The Survey for 1932-33 continues the similar volume published in September 1932. It gives in a brief compass a comprehensive survey of the major economic problems of the world from the meeting of the Lausanne Conference to the end of July 1932. Prices, production, international trade, tariff policy, business profits, public finance, banking and monetary policy, indebtedness and international balances of payments are among the subjects covered.

The Survey is carried right up to date and the final chapter includes a report of the proceedings at the first session of the Monetary and Economic Conference, a description of recent legislation in the United States and a summary of the economic situation at the end of July.

Included in the volume are statistical estimates of the decline in world trade, the movement of business profits during the depression, the total amounts of international indebtedness outstanding and the fall in different classes of production. The various steps taken to remedy the crisis—the progress made in raising prices, adjusting indebtedness, reviving production and balancing national budgets—are described and measured statistically.

The estimate of the present situation given in the final chapter draws attention to the considerable recovery that has already taken place in many countries; but points out that the problems of international economic co-operation remain to be solved.

The Inter-Dependent World and Its Problems.

By Ramsay Muir. Published by Messrs. Constable & Co., London. 5sh.

Those who have read Mr. Muir's previous books—to mention for one *Nationalism and Internationalism*—know what to expect from him on the present world crisis. Is the world inter-dependent and if so, should we recognize it, and act up to its implications or not? If the crisis has been reached without our knowing it, is it not our duty to analyze and see what is happening? What are the consequences of the tremendous change that is occurring before our very eyes? Is the inter-dependence of the world a mere platitude or is it a patent fact? If the nations of the world are to recognize their essential one-ness, what should be the duty of those nations towards each other, to realize that one-ness? These are, in fact, the problems attacked—and attacked vigorously and well—by Mr. Muir in this handy book of some 200 pages.

This book, in its outlook, is a reasoned protest against nationalism as it exists and as it has been propounded for years on years now. Its make-up—being based on lectures delivered in the Universities of Leeds and Liverpool last year—shows the deliberate position it takes. If we are entering on a new era, we must have a new conception of sovereignty. If sovereignty can be divided—and the Constitution of the U.S.A. and several Federal States shows it can be—then, there is available to us a type to adapt, if not to adopt. Why should not the inter-dependence of the world be recognized in the Constitution of the World-State? At one point Mr. Muir protests—and let us add he rightly protests—against the doctrine of sovereignty preached from the time of Bodin and Hobbes to the time of Austin and Dicey. He stigmatizes it "a mere abstraction which has no relation to the realities" and which, he says, has had "a very mischievous influence—never more mischievous than to-day" on the nations of the world. He sums up the constitutional position in these words: "There can be no doubt at all that it is *possible* to divide sovereign rights, and to pool some of them for common exercise by a number of co-operating States."

Mr. Muir discusses certain economic problems, as it is in the economic sphere that inter-dependence is most visible to-day. He has, however, admittedly discussed them in a highly simplified—perhaps, as he puts it in an over-simplified—form, primarily for purposes of illustration. His main theme is to show the need for new world-institutions and in the economic field he has ready to hand examples which can enable him to drive home the lesson. He sums up the economic perils of inter-dependence under the three heads of (*a*) Tariff restrictions; (*b*) Monetary collapse; and (*c*) Social revolution. On the political side, he groups them under (*a*) peril of war and (*b*) extension of self-determination. If inter-dependence is to be recognized, a necessary consequence is, he says, a limitation of State sovereignty, which, as above remarked, he suggests, is possible. If inter-dependence is established, what may be its effects? One would be the abolition of war. Mr. Muir throws out suggestions for strengthening the League of Nations, for working out possible devices for security and for real disarmament among nations. In the economic field, there would, he thinks, be organized co-operation. He suggests a realignment, from this point of view, of the work of the International Labour Office, of the economic work of the League of Nations. He is also for evolving a world monetary system and he offers a solution for the great problem of tariffs. On the last topic, however, Mr. Muir has no illusions. "The tariff problem," he writes, "is the most important and the most urgent of all the problems raised by the threatened wreck of the inter-dependent world; and of them all, it seems to be the one for which, at the moment when these lines are written, there is least hope of reaching any tolerable solution, unless all the nations, or a large group of them, undergo an unexpected change of heart." As regards Ottawa, here is what he thinks of it: "The shackles with which she (Britain) bound herself at Ottawa will prove to be a very grave obstacle in the way of any general agreement, and perhaps a very serious source of embitterment among the nations." Well may Britain ponder the question, if that be the Liberal view of the implications of Ottawa.

In a final chapter Mr. Muir considers this question: Is the governmental machinery of the world capable of bringing about the re-adjustments that must be made if the peoples of the earth are to enjoy the peace and prosperity that are within their reach? His broad suggestion is that the imperfections of the

instruments of government are such that a radical change is necessary, otherwise democracy will find it hard to surmount the difficulties confronting it. It is not democracy that will fail but those who have not equipped it with the mechanism that might enable it intelligently to grapple with its tremendous responsibilities.

Mr. Mair has written a brilliant book for the democratic form of government in States inter-dependent and for World Peace. Since he wrote Germany has gone Hitler-mad and the President is about to give place to the Super-President, whose ambition seems to be *aut Cæsar aut nullus*. Democracy has received a further set-back but Mr. Muir is right when he suggests that Democracy is not yet played out and with a better equipment will yet make good.

Commerce and Business Organization.

Theory and Practice of: By J. C. Mitra, F.S.S. (Lond.), F.R.E.S., Professor of Economics and Commerce, Vidyasagar College, Calcutta. The Industry Book Depot, No. 22, A.G. Kar Road, Shambazaar, Calcutta. Rs. 4.

This is a thoroughly comprehensive work on the Theory and Practice of Commerce and Business Organization written by one who has been a life-long teacher in General Economics, Commerce and Business Organization. The book is divided into two parts. The first part deals with organization of office; industries; commerce; import and export trade; business concerns; shares and debentures; co-operative societies; advertisement; combination for protection of business; insolvency and liquidation; the stock exchange; negotiable instruments and banking practice and banking account. The second part is devoted to wholesale and retail business; factory and cottage industry; money and its functions; banks and supply of capital; speculation; trade cycle and monopoly; transport; insurance; foreign exchange; public meetings; and economic basis of commerce and industry. There is, besides, a supplementary part which treats of the India's import and export trade in a clear and succinct manner. A glossary of commercial and economic terms, abbreviations of commercial terms and a full and reliable Index complete the work. The book, whether as regards treatment of matter included in it or the manner of exhibiting complicated details, does not invite criticism. Professor Mitra evidently knows his students well and he writes for them and the lay reader in a manner which ought to win general approbation. Sir R. N. Mookerjee writes an appreciative *Foreword* and expresses the hope that the book would be found useful not only by college students but also by those engaged in commerce and industry. We would re-echo that hope and should be glad to see it receives the attention of teachers and commercial and business offices.

Britain and the War-Debts.

By Leonard J. Reid, City Editor of the *Daily Telegraph*. Messrs. Herbert Jenkins, 5 York Street, St. James', London S. W. 1. Price 2s. 6d.

This book, whose expository style we would commend, was published on the eve of the Economic Conference with a view to influence public opinion in the direction of reason and good sense.

Mr. Reid gives the history of the British Debts and shows incidentally how Britain financed herself and the Empire and the Allies. How also America entered the arena. The American loans to her Allies from 1917 are dealt with in a manner at once lucid and convincing. Mr. Reid suggests how the accounting methods of the United States have brought on a legacy of a big burden on Britain. The British offer to cancel all debts after Peace was met by Americans with a demand for funding them. That marks the second stage in the whole of this dismal chapter of War-Debts. The terms of the Anglo-American Settlement did not evince any sympathy for Britain and ill compared with the treatment of Britain of her own war-debtors. Mr. Reid's facts and figures bring out the truth that Britain was more liberal than even what was proposed in the Balfour Note. While Britain's policy averted an European chaos, the American policy only helped to render more complex the European situation, both economically and politically. According to Mr. Reid, on the War-Debt Settlements, America forgave Britain 28 per cent; America forgave France 58 per cent; and Britain forgave France 62 per cent. Of all the debts owing on paper, America cancelled 40 per cent; while Britain cancelled 70 per cent. These figures are of the illuminating kind.

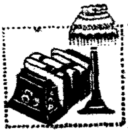
Mr. Reid's description of the aftermath of debt funding is told in a chapter of great interest. Any one who wants to understand the present crisis in Europe should read it. The credit machine got dislocated; conferences proved abortive; the maldistribution of gold led to worse difficulties than ever before; the Hoover holiday followed; Lausanne promised much but American sentiment against coupling Reparations with Debt proved adamant and the position worsened. Revision of the debt question became thus an urgent necessity.

But the tragic stage was still to be reached. But it was reached sooner than anticipated. With the going down of commodity prices, the burden doubled. Mr. Reid states in so many words that it is twelve times as hard for Britain to pay her debt as was contemplated in 1922! Mr. Reid raises the point whether Britain did not fight for America also—*i.e.*, for American liberty? And if so, he suggests, is this the treatment to be meted out to Britain? He quotes representative American opinion in support of his view. His quotation from the debates in Congress in 1917, expecially from the speech of the Chairman of the Ways and Means Committee is too striking to be omitted:—"They will be fighting with our money their battles; and will be fighting with our money our battles, too." That seems to be wholly forgotten now.

Mr. Reid, however, is not content with stating the British viewpoint. He gives the American view as well. "The mass opinion in the U.S.A." as he significantly puts it, "is that European debtors who now seek for relief find difficulty in discharging their just debts only because they spend too much on armaments and on preparations for the next war." The inevitable effect, Mr. Reid adds, is that, in the American mind, disarmament is closely allied to the question of debt revision. Then, again, there is the American suggestion that debt cancellation would increase Federal taxation in their own country. They will not surely believe when they are told that the only way to better times is to wipe out foreign debts. A change in the American mass mind is therefore the first requisite. Mr. Reid lays down that proposition and adds: "When the Americans are really persuaded that grim facts exist, they lose no time in facing them." Let us hope so. Mr. Reid also expresses his faith in the Roosevelt

ministration. Alternatively he raises and answers the question, What next if America continued to insist on payment and Britain continued to honour her bond? He answers it thus: "So long as our gold supply lasts we can, at any rate in theory, continue to send some £19,930,000 in gold to New York every half-year. One effect would be to postpone for a long time, or perhaps for ever, any return to the Gold Standard by Britain and the countries that follow sterling. That is one of the last things that could be to American advantage. It is a fact, which we need not seek to escape, that debt reduction would add to the burden of the American tax-payer the amount that was lifted from the shoulders of the British." What would cancellation mean to America? Mr. Reid suggests that it would mean "on paper a loss of $300,000,000 to the next American Budget. A huge sum perhaps, but it represents only $2½ per head to the American population—a burden infinitesimal compared with the gain if world recovery were approached through a practical settlement." The world depression has, Mr. Reid adds, produced a fall in American Customs receipts between 1928-29 and 1931-32 of nearly $275,000,000. It is worth adding, too, that European purchasers from America fell from $2,604,000,000 in 1925 to $1,186,000,000 in 1931! There is certainly here a fine opportunity for a deep-sighted American policy in the matter of debts, tariffs and American prosperity. Will America respond? Mr. Reid believes that the American isolation policy is losing ground but is that really so? It seems he sees more than is warranted by facts. But we are reaching a stage when things will refuse to be mismanaged and the debt question will have to solve itself, if politicians, national and international, will not help to do it.

Sir Robert Horne writes a suggestive *Foreword* to the book in which he invites attention to the prescience of British statesmanship in 1920 in urging the complete cancellation of all War-Debts. The world grows wise but slowly and it seems that it is still unready to unlearn its prejudices and follies.



Books in Brief

Short Reviews of Recent Books

Religion.

By V. I. Lenin. Messrs. Martin Lawrence, Ltd., London.

This little book forms volume 7 in the *Little Lenin Library*. It is not merely a study but also a restatement of the attitude of the Communist towards religion. Lenin's view is therefore outlined here in a manner that cannot be misunderstood. If Marx started criticism with the criticism of religion, Lenin treated dialectical materialism as part and parcel of idealist philosophy and as such outside the Communist doctrine of society. The articles collected here add to our first-hand knowledge of Lenin and, for that reason, if for nothing else, welcome. Lenin's views may be thus summarised: Atheism is part of Marxism; separation of Church of State and Church and Schools is necessary; the final emancipation of the masses from religion can occur only in a Communist society; and finally, all social and economic activities of the masses will cause religious prejudices to die out.

Of course, these are the views of Lenin, but the question remains what of the possibility of the success of such a programme. Is religion "the opium of the people"? Is freedom of conscience incompatible with religion? Is anti-religious propaganda necessary for cultural advance? If religion is, as evolutionists believe, a result of civilization, is it going to disappear even in the cultural advance predicated by Marxian Communism? Are not the Communists mistaken priesthood—age, a corrupt priesthood—with religion? Is idealism really superstition? These are some of the questions that suggest themselves to a thinking mind on reading these papers of Lenin, papers which outline a sturdy belief in atheism as religion itself.

Passing Clouds.

By T. Basker. Messrs. Elkin Mathews and Marrot, Ltd., 54, Bloomsbury St., London W.C.

We have recently had occasion to review, in these pages, little poems indicative of a new note in life. To these must be added the present dainty little volume of verses on a variety of topics. It opens with a fine little study of "Clouds". To one like the present reviewer, who writes from a place on a plateau blessed with a sky full of fine vari-coloured clouds, it is a real pleasure to see his experiences in verse. "Clouds skim down like under blue skies"; that is true.

> I've watched them float;
> And let a little dream
> Alight on one of them.

That is true again. Then, again, we read,

> I have seen clouds
> Like golden flocks
> Throng at sunset
> In the skies.

That again is true. Next we have,

> I have seen clouds
> *Of crimson and of gold,*
> Of purple and of green,
> Of every wondrous hue
> —All interlaced
> And woven into dream-like tapestries—
> And I have wished that I were like a cloud,
> Vague, beautiful and free
> That all would say
> When I am dead:
> "Ah! he was good
> And beautiful and free;
> But now he is gone to the clouds that he liked;
> He lived like a cloud!"

That is truly so. How ennobling, how fine and cloud-like!

The poem on "The Fountain", strikes the note—

Only the little birds that round her hover
Know her soul.

It was not for thing another poet sung—

In the mornings at the mountains
In the evenings at the fountains.

The apostrophe to "Calm" ends thus:

Ah! Life of life,
Could I but understand
Thy harmony and stand
Beyond earth's strife!

"Who Am I" is wondrously suggestive.

I lie awake,
While the breezes shake
The great trees in the lawn;
And in the sky,
By and by,
The stars grow faint and die;
I lie awake,
And wonder breath indrawn,
"Who am I?"

"Alone" strikes a pessimistic note, but is strikingly impressive. It ends thus:

We live alone....
Our freindships and our loves but add
To something that is false,
* * *
* * *
—Our vanity.
Alone,
We scale the crags and steeps of life,
Alone
We die.

But what of the morrow following Death? The answer is to be found in the next poem headed "Pilgrimage", where we read—

And some time when to me this glamour fades,
And all my passions are no more than vague
And fainting memories; then I will take
My staff and start my final pilgrimage
Towards that stream, that hillock and that tree,
That blossoms in the light of deathless morn.

That is so. Life's pilgrimage is everlasting until the goal is reached. That thought is Upanishadic in its origin.

In "Afterwards", we have the same strain in the lines—

Ah love! these woes, these joys for which we yearn,
Are they not petty, infinitely small,
Within this mighty scheme that holds us all?

But the pessimist in the poet peeps again in "Sotto Voce". But that poem suggests a different answer than that pervading the poet's mind.

The best descriptive piece in the set is headed "A Souvenir of South India", which is both realistic and impressive. The prettiest in make-up, however, is the one that is named "Dusk". Equally vivid is the one dedicated to "The River", where we read:—

Ah, soft they flow on winged eves,
And mingling with their dreamy lay,
My songs were like the songs of leaves,
So vague, so frail, so far away.....

Nor is the poem "Love-Waves" to go without mention. Here, we have the lines:—

I know not whence they came, nor where
They have their birth;
Those waves of sympathy and love,
That bind the earth.

To be sure, the heart of the poet is sound. He believes in humanity and the ties of humanity.

In keeping with the true spirit of a poet who can sing well, he has in "If" the following:—

But with a song in me,
That shall not cease to be,
But burn like a star in the sky,
The that was I.

But when we come to the piece "L'ideal", we have, we think, a confession. The poet says—

They tell me life is vain. Embarked upon
A fatal trip around a star, our earth
But pants day and night her dying breath.
....

He protests—

I do not care. Perhaps among the great
And tireless energies that cast, create,
And fire the stellar moulds, my Being shall
Immerse and rising find itself renewed—
Endowed with nobler strength, with light imbued,
A god-like soul, myself my IDEAL.

"A god-like soul"—yes, that is truly so. Our poet is no mere pessimist after all.

The poem "Cakuntala" is well done. The haunting idea about her is brought out gracefully:—

She sits and dreams; her heart is far away;
The songs of birds are loud in dell and grove;
The festal-wreaths of blossoms swing above
In gladsome hues to greet the God of May.
But she is sad, while all the world is gay,
And yearns for him who stole her maiden love.

That is poetry; for it is true to Nature.

The "Idyll" of the Poet is a piece which stands by itself. It is marvellously done: it is piercing in its simplicity; and it is human to the uttermost. Neither highly wrought nor bucolic, except as to the surroundings portrayed to us, it has the characteristics of a true idyll—nearer to the Greek idea. It produces the single image to which it is dedicated:

And her beauty seized his soul
Like a maddening song.
He laid aside his lyre;
For his heart was sore.
And, he died unknown as he had lived,
For he sang no more.

Love is so; it seizes; it works up; it preys upon and then—well, it transforms. Such too is Divine Love. And shall we say the Love Divine as well?

The last piece is headed "Heroine" and is a tribute as much to Love as to Song. Of the heroine, we hear,

She sleeps the sleep eternal after Life.

Those who loved her while she breathed, are no more.

........................These remain
Heroism, Beauty, Love, that aught denies,
A cry across the ages, sorrow, pain,
All couched in strains of song that never lies.

Kings were her slaves and all their sacrifices were, we are told, in vain. They fought and cursed her with their dying sighs. And we read—

And now their works are perished, and their lives
Lie sealed with the dust of Time.
The song survives.

That cannot but be.

Critique on White Paper, Parts I and II.

By The Politics Club, Calcutta. Published by Nirmal Chandra Bhattacharya, P. 521, Rashbehari Avenue, Calcutta.

These two brochures represent a series of co-operative discussions at meetings of the Calcutta Politics Club. They critically examine the White Paper Scheme. The general trend of the view taken is indicated in this sentence: "British policy in India has been dictated mainly by an unswerving regard for the furtherance and consolidation of British political and economic interests." A scheme which has that for its rock bottom is bound to prove unworkable. The first one deals with the Secretary of State, Secretary of State's Council, Governor-General, Federal Legislature, Provincial Government—Governor's powers, Second Chambers in the Provinces, Provincial Autonomy, and Franchise Proposals. Of the last of these, the remark is offered that "a complete rescission of the policy underlying it" is necessary—this being "unprogressive and reactionary". The second one considers Fundamental Rights, Federal Judiciary, Reserve Bank, Statutory Railway Board, Financial Provisions, Defence, Burma, Indian States and Federation, Public Services and the Problem of the Minorities. The criticisms are apposite and telling. They indicate the Indian mind in impressive fashion.

Selections from the Peshwa Daftar.

Nos. 27 and 28. Edited by G. S. Sardesai, B.A. Government Central Press, Bombay. (Price Rs. 5-8-0 and Rs. 6-0-0 respectively).

Voulme. 27 deals with Baji Rao Peshwa and the events in the North (between 1742-1761). This is a supplementary volume and is of special value in regard to events that preceded the Battle of Panipat in 1761. Volume 28 is entitled "Peshwa Balajirao Karnatak Affairs—1740-1761" and describes principally the struggle between the Marathas and Nizam-ul-Mulk in Southern India. When Sidi Sat was killed in the summer of 1736 and Shahu's objective at Janjira was almost accomplished, the Marathas turned their attention to the south. The situation is well summarised in the discussion at Shahu's Court in 1736 reported to the Peshwa in the first papers of the selection. The movements of Nizam-ul-Mulk for a few years before his death in 1748 are minutely described for the first time, adding to the existing information on the subject. During the two years 1750-51 the Karnatak was the scene of a scramble for power echoes of which reverberated throughout India. In the years 1751-52, fighting was almost incessant in both theatres of war, in the northern dominions of the Nizam and in the Southern Karnatak. The state of affairs is well illustrated by the papers presented. The letters of the Peshwa's agent Shamrao Yadav printed in the selection give full and clear details for the year 1753 in which many severe engagements were fought. For the accounts of Mysore and the early exploits of Haidar Ali, the papers printed will be found to make a considerable addition to the information already contained in Wilks' *History*. The Peshwa had his eye on Mysore and would have tried to put his designs into action if the disaster of Panipat had not intervened. This was Haidar's opportunity and how he availed himself of it, is well illustrated in the letters printed for the first time. Altogether, this selection contains letters from many eminent persons who took an active part in the war and diplomacy of the period, such as Murarao Ghorpade, Visaji Krishna Binivale, Gopalrao Patwardhan, Malharrao Bikaji Raste, Mukund Shripat and others. Mukund Shripat's long and eloquent letters towards the end of the selection lucidly summarise the situation in the southern region.

The Spanish Constitution.

By H. R. G. Greaves. No. 15, *Day-to-Day Pamphlets Series*. Published by Leonard and Virginia Woolf, London, W.C. Price 1s. 6d.

"To the Spanish liberal the events of 1931 represent the final achievement in a long battle for freedom; to the socialist they are but a beginning." With these significant words Mr. Greaves opens his account of the new Spanish Constitution. Dealing with the subject in its historical perspective he draws special attention to the main factors underlying the revolution against authority and prestige in Spain, details the conditions under which the new constitution was founded and expounds the *Articles* and fundamental features of it, basing the account on the available literature and relevant documents in the Spanish language.

While the new constitution of Spain, as Mr. Greaves points out, is, in its fundamentals, a medley of the old declaration of rights in France of 1789, America of 1776, Switzerland of 1634 and England of 1215 and 1688, it is also socialistic and internat onal in outlook. The author dwells, among others, on the economic and social factors underlying the constitution and the corresponding duties arising therefrom; the equal voting rights of women and men; the giving of constitutional force to and the recognition of International Law, with reference to the principles of the League Covenant and the Kellogg Pact; the creation of the Court of Constitutional Guarantees; compulsory military service; promotion of equality of educational opportunity; the reconciliation of the features of Parliamentary and Presidential Executives; the procedure of legislation by decrees; the Parliamentary Committee System; the organization of the Senate representing technical and functional groups; provisions for the reform of the constitution; the combination of the features of Unitary and Federal States; and the aspiration of Spain towards a socialistic, pluralistic world-state in its regional, economic and technical aspects.

The constitution, thus outlined, is a typical instance illustrating the conditions of the times. Its working will be watched with great interest. The author has placed students of current politics under a deep debt of gratitude by this timely and useful publication which deserves wide publicity.

N. S. R.

The Case for West Indian Self-Government.

By C. L. R. James. No. 16, *Day-to-Day Pamphlets Series*. Published by Leonard and Virginia Woolf, London, W.C. Price 1s.

The domination of the coloured peoples by the White Man continues to be the subject of unflagging interest, and it is only when the former can command respect and respect themselves, that their domination by the latter will end. This is the thesis of Mr. James' pamphlet with reference to the specific case of the West Indies—comprising Trinidad, Windward and Leeward Islands—where "a Colonial Office Commission is now taking evidence with a view to the federation of all or some of them."

The author deals with the social, cultural and political position of the Negroid population of the West Indies, indicating that in spite of their inferiority complex and minor differences among them (such as *Brown* vs. *Black* colour), they are in an advanced state of civilization; examines the position of the English in the West Indies as rulers,

pointing out their departure from the traditions "for which the nation has ever been renowned at home"; brings out how the executive has tried *step by step to defeat the legitimate aspirations* of the citizens of Port of Spain; draws pointed attention to the unreality and the bureaucratic aspects of the Trinidad Legislature, as well as the "shallowness, self-sufficiency *and provincialism of the English* colonial society;" and makes a powerful plea for the solution of the problem by the grant of a constitution on truly democratic lines for the West Indies, where "evidence in *favour is so overwhelming that Britain loses so little* by keeping her word," *viz.*, "self-government when fit for it".

In this age of self-determination and democracy, Mr. James' views on the subject deserve wide attention and sympathetic consideration by those in whose hands the task of constitutional reconstruction and settlement rests.

N. S. R.

Mysore City.

By Constance E. Parsons. The Oxford University Press, London, Bombay and Madras. Rs. 3.

This illustrated Handbook of Mysore City, perhaps one of the finest cities of India to-day, is an up-to-*date production, written with care and attention* to detail of almost every kind that might prove of value to the sight-seer. To write a book like this kind may seem an easy task, but it is really not so. It is *not only a task difficult to accomplish but also more* difficult to get people to recognize the difficulties involved in accomplishing it. Miss Parsons has done a bit of work that will last for long. She has *brought to bear industry, knowledge* and a sense of proportion that are worthy of praise. The reviewer knows his Mysore pretty closely and he can bear testimony to the fact that the descriptions are accurate, full and interestingly written. What more would the busy traveller require in connection with a city he visits? The illustrations are many and typical of modern and ancient Mysore. They seek to convey an adequate idea of Mysore City and its people. The get-up is lovely and the appendices enhance the value of the book.

India in Transition.

By *D. Graham Pole. Member of Burma Round* Table Conference. Messrs. Leonard and Virginia Woolf, Hogarth Press, 52, Tavistock Square, London, W. C. 1. 8s. 6d.

Those who know Mr. *Graham Pole* and his selfless work for India will readily assess the value of this book. As a friend of India, his interest in its affairs has been sustained by the belief he was doing work for it and *his own country* in a manner which *meant good to both.* In a book of 400 *pages*, he has managed to set down matter which a less capable hand would require three times as many pages. *From the Government of the country as it is now carried on to the Second Round Table Conference,* you get a history of the politics of the country. You get also an idea of Indo-Moslem differences, of the Army in India, of Indian States, of Indians Overseas, *of Plantations, of Factory Population, of Railways and* Mines, of Trade Unions, of Statistics, etc., etc. A book like that is verily a *multum in parvo*, Mr. Graham Pole has also a chapter on the Burma Round Table Conference. The concluding chapter is characteristically drawn up. *If India is a problem—or rather a series of* problems—the difficulties, he says, "should not make us shirk them". That is typical of the author. "We must be prepared to take risks" for the ideal aimed at—Government of *India by Indians and of Burma by Burmese.* He points to America and Ireland for lessons. "Are we statesmen enough to give while there is yet time, or must we try to hold on until we lose everything, *even respect?" The Rt. Hon. Wedgewood Benn* writes a *Foreword* in which he writes: "A Bill which pretends to give Swaraj, and in fact denies it, is a real danger." That is well said—and the White Paper seems best described by that pithy sentence.

Federations.

By Prof. D. V. Karve, M.A. Published by Humphrey Milford, Oxford University Press, Bombay. Pp. xv+318. Price Rs. 3.

That *Federalism* is by far the best form of political organization is being appreciated to a greater extent all the world over at the present day. Federalism is the symbol of unity in diversity: *It does, indeed, make* for the working of Democracy over wide areas of conflicting interests and varying degrees of political, social and cultural evolution, conducing to the security, progress and well-being of the people. The *need for understanding* the theory and practice of Federalism, therefore, is very great, particularly in India whose constitutional structure, admitted on all hands to be federal, is on the eve of settlement.

In this book of eleven informing chapters, Prof. Karve, while giving true expression to the spirit of the times (Chapter I), has expounded the theory underlying Federalism, tracing its historical development *in the East* and *the West* (Chapters II *to* IV), and systematically illustrating it with special reference to the working constitutions of five select federations (*viz.*, Switzerland, U.S.A., Germany, *Canada* and *Australia*), from the *descriptive and* comparative points of view, as under: the organization of the Federal Executive, Legislature and Judiciary, Federal Citizenship, Constitutional Amendment and Federal Finance (Chapters V to X). Dealing with the future of Federalism, he draws pointed attention to its significant features and concludes with an eloquent plea for "an intensive and extensive development of the Federal form" of Government "as the only conceivable and desirable remedy" (Chapter XI) for all the problems of democracy.

In the discussion of the organization of the second *chambers in a Federal Constitution,* the author argues in favour of its composition "on a more rational and useful principle than the dead equality of states" (p. 306), especially in the case of federations resulting *from a process of devolution. Although opinions* and practices vary in this respect, it seems well worth the attention of framers of Federal Constitutions in view of the basic principles underlying *Federalism*.

This *well-brought-out book has a Foreword from* the well-known pen of Prof. Sir J. A. R. Marriott, a select Bibliography and an Index. A useful and timely publication. We commend it to all interested in Comparative Politics.